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STATE OF HAWAII

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

1959

PREPARED BY
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

RUSSEL S. NAGATA
COMPTROLLER

STATE OF HAWAII

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 1989

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PART I: INTRODUCTION SECTION

STATE OF HAWAII

Principal Officials for Finance-Related Functions

Governor	**John Waihee**
Director of Finance	**Yukio Takemoto**
Director of Taxation	**Richard F. Kahle, Jr.**
Director of Business and Economic Development	**Roger A. Ulveling**
Comptroller	**Russel S. Nagata**

Notes:

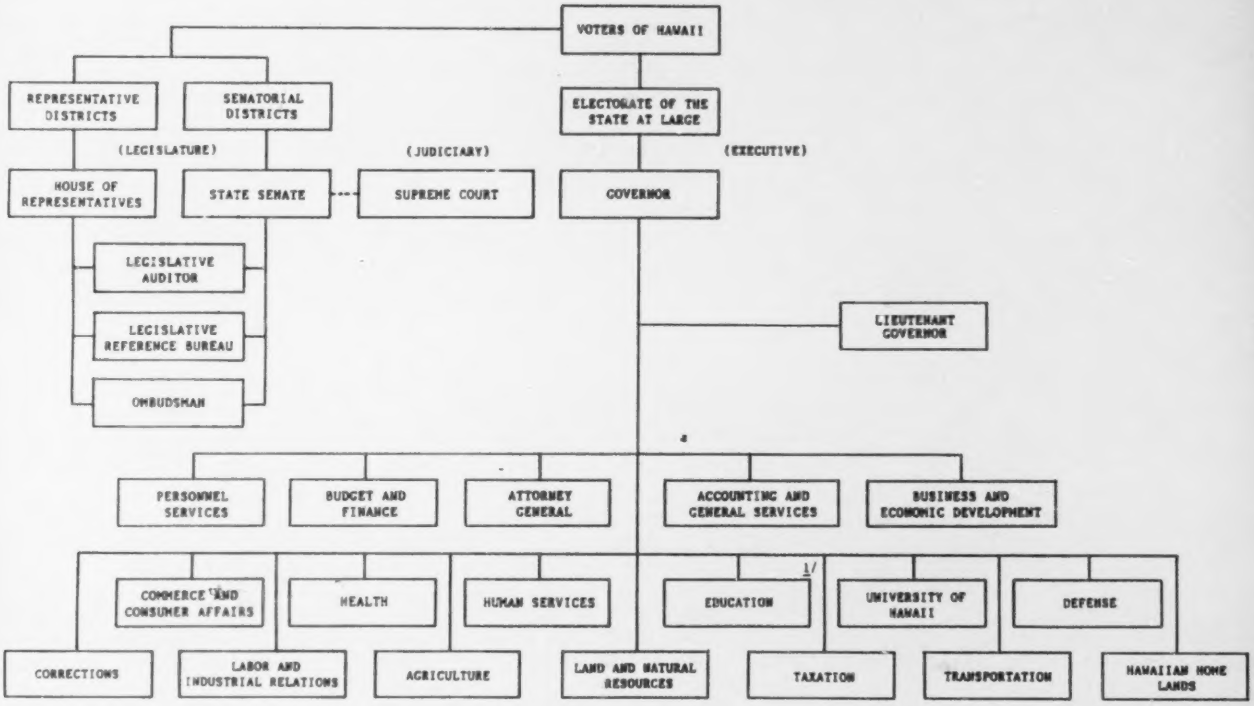
The Director of Finance is also department head of the Department of Budget and Finance.

The Comptroller is also department head of the Department of Accounting and General Services.

An organization chart including these and other departments and agencies of the State of Hawaii government is presented on the following page.

STATE OF HAWAII

ORGANIZATION CHART


VOTERS OF HAWAII
REPRESENTATIVE DISTRICTS
SENATORIAL DISTRICTS
ELECTORATE OF THE STATE AT LARGE
(LEGISLATURE)
(JUDICIARY)
(EXECUTIVE)
HOUSE OF REPRESENTATIVES
STATE SENATE
SUPREME COURT
GOVERNOR
LEGISLATIVE AUDITOR
LEGISLATIVE REFERENCE BUREAU
OMBUDSMAN
LIEUTENANT GOVERNOR
PERSONNEL SERVICES
BUDGET AND FINANCE
ATTORNEY GENERAL
ACCOUNTING AND GENERAL SERVICES
BUSINESS AND ECONOMIC DEVELOPMENT
COMMERCE AND CONSUMER AFFAIRS
HEALTH
HUMAN SERVICES
EDUCATION
1/
UNIVERSITY OF HAWAII
DEFENSE
CORRECTIONS
LABOR AND INDUSTRIAL RELATIONS
AGRICULTURE
LAND AND NATURAL RESOURCES
TAXATION
TRANSPORTATION
HAWAIIAN HOME LANDS

Note: Dotted line between the State Senate and the Supreme Court represents the Senate's confirmation power of the Governor's appointment of justices of the Supreme Court.

1/ Board of Education elected.

JOHN WAIHEE
GOVERNOR

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P. O. BOX 119
HONOLULU, HAWAII 96810-0119

RUSSEL S. NAGATA
COMPTROLLER

JAMES H. YASUDA
DEPUTY COMPTROLLER

December 21, 1989

To the Honorable Governor of the State of Hawaii
To the Honorable Members of the Fifteenth State
Legislature of the State of Hawaii

In accordance with the provisions of Section 40-5 of the Hawaii Revised Statutes, it is my privilege to present to you the Comprehensive Annual Financial Report of the State of Hawaii (State) for the fiscal year ended June 30, 1989. This report has been prepared by the State's Department of Accounting and General Services. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the State. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds and account groups; and that all the information necessary to enable the reader to gain the maximum understanding of the State's financial affairs has been included.

The report is presented in three sections: introduction; financial; and statistical. The introduction section includes this transmittal letter, the State's organizational chart and a list of principal officials. The financial section includes the independent auditors' report, general purpose financial statements, notes to the general purpose financial statements, combining and individual fund and account group financial statements and schedules. The statistical section includes selected financial and demographic information.

Accounting System and Budgetary Control

The State uses the modified accrual basis of accounting for the General, Special Revenue, Debt Service, Capital Projects, Expendable Trust and Agency Funds. Revenues are recognized when they become measurable and available to finance operations during the fiscal year or liquidate liabilities at the end of the fiscal year. Certain self-assessed taxes which consist of general excise, income, liquor and public service company taxes are recognized as receivables and deferred revenues when the tax returns are filed. The deferred revenues are not recognized as revenues until such time that the receivable is deemed to be collectible and available to pay liabilities of the current period, generally upon receipt of payment. Revenues which are not considered susceptible to accrual and therefore are not accrued include fines, forfeitures and penalties, licenses, permits and franchises. Expenditures are recorded on the accrual basis of accounting when the related fund liability is incurred except for interest on long-term obligations, which is recognized when payment is due.

The State uses the accrual basis of accounting for the Enterprise and University Funds. Revenues are recognized when they are earned and expenses are recorded when they are incurred. Depreciation expense related to the University's plant fund assets is not recorded.

In developing and maintaining the State's accounting system, consideration is given to the effectiveness of the internal control structure. The internal control structure is designed to accomplish certain objectives of management including:

1. Transactions are executed in accordance with management's general and specific authorization.

2. Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets.

3. Access to assets is permitted only in accordance with management's authorization.

We believe that the State's internal control structure is effective in accomplishing management's objectives.

By statutory provision, the State prepares a biennium budget for its programs. Budgeted expenditures are derived primarily from the General Appropriations Act of 1987, as amended, and from other authorizations contained in the Hawaii Constitution, the Hawaii Revised Statutes and other specific appropriations acts in various Session Laws of Hawaii. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated periodically during the fiscal year.

An allotment system and encumbrance accounting are utilized by the State for budgetary control purposes. Obligations in the form of purchase orders or contracts are recorded as encumbrances at the time purchase orders or contracts are awarded and executed. Open encumbrances are reported as reservations of fund balances at June 30, 1989. To the extent not expended or encumbered, General Fund and Special Revenue Funds appropriations subject to budgetary control generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

The Reporting Entity and Its Services

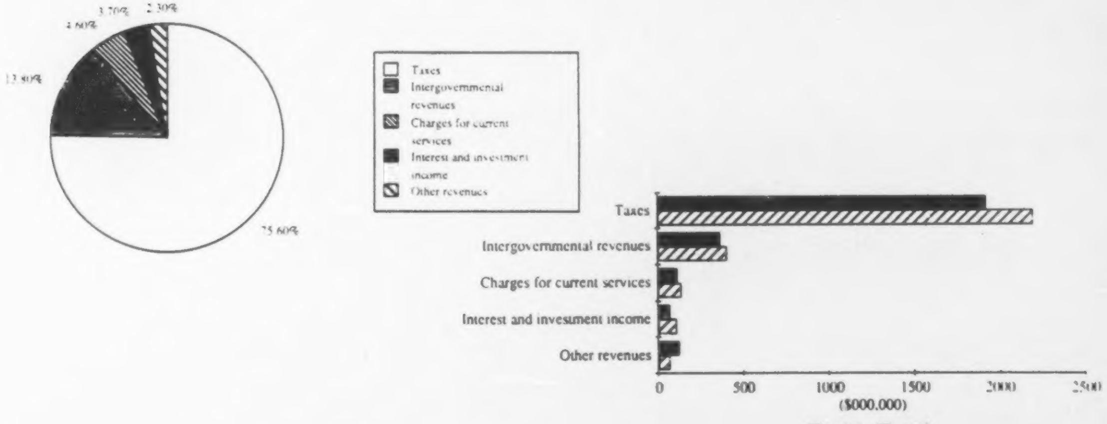
This report includes the various funds and account groups comprising the State of Hawaii, including all entities that are controlled by or dependent on the State. The Employees' Retirement System of the State of Hawaii, which is administered on behalf of public employees for both the State and county governments, is not included in the State's general purpose financial statements since its assets are not available to the State.

With Hawaii's highly centralized State government, the State provides a full range of services as mandated by statute. These services include, but are not limited to, education (lower and higher), welfare, transportation (highways, airports and harbors), health, hospitals, public safety, housing, culture and recreation, economic development and conservation of natural resources.

General Governmental Functions

Revenues for general governmental functions are provided from the General, Special Revenue, Debt Service and Capital Projects Funds and totaled $2,905.4 million in fiscal 1989, representing an increase of 12.2% over fiscal 1988. The revenue from various major revenue sources and the changes from the previous fiscal year are presented in the following tabulation (expressed in millions):

Source	Fiscal 1989	Percent Of Total	Increase Over (Decrease From) Fiscal 1988 Amount	Increase Over (Decrease From) Fiscal 1988 Percent
Taxes	$ 2,196.0	75.6%	$ 268.7	13.9 %
Intergovernmental revenues	401.8	13.8	37.9	10.4
Charges for current services	133.8	4.6	20.5	18.1
Interest and investment income	107.0	3.7	41.2	62.6
Other revenues	66.8	2.3	(53.2)	(44.3)
Total	$ 2,905.4	100.0%	$ 315.1	12.2 %

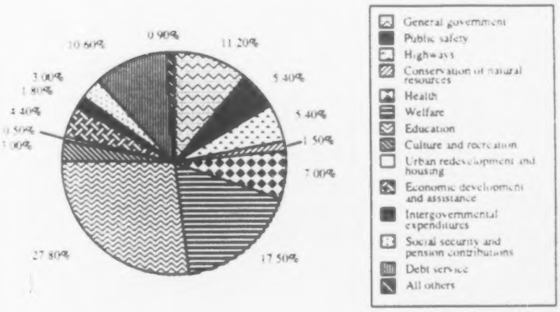


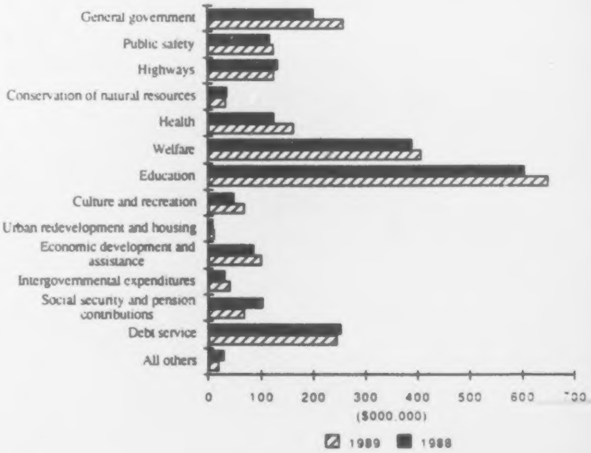
The increase of $268.7 million in tax revenues from $1,927.3 million in fiscal 1988 to $2,196.0 million in fiscal 1989 was primarily comprised of general excise taxes (which increased $105.2 million), income taxes (which increased $148.0 million) and transient accommodations taxes (which increased $8.7 million). Intergovernmental revenues increased $37.9 million from $363.9 million in fiscal 1988 to $401.8 million in fiscal 1989. Charges for current services increased $20.5 million from $113.3 million in fiscal 1988 to $133.8 million in fiscal 1989. Interest and investment income increased from $65.8 million in fiscal 1988 to $107.0 million in fiscal 1989, an increase of $41.2 million in fiscal 1989. Other revenues decreased from $120.0 million in fiscal 1988 to $66.8 million in fiscal 1989, a decrease of $53.2 million in fiscal 1989.

For further information on long-range trends in tax and non-tax revenues for general governmental functions, Part III contains a tabulation covering the last ten fiscal years (Schedule K-1).

Expenditures for general governmental functions totaled $2,348.6 million in fiscal 1989, representing an increase of 6.9% over fiscal 1988. The expenditures by function and the change from the previous fiscal year are presented in the following tabulation (expressed in millions):

Function	Fiscal 1989	Percent Of Total	Increase Over (Decrease From) Fiscal 1988 Amount	Increase Over (Decrease From) Fiscal 1988 Percent
General government	$ 262.0	11.2%	$ 56.3	27.4 %
Public safety	127.7	5.4	6.9	5.7
Highways	127.5	5.4	(8.7)	(6.4)
Conservation of natural resources	36.1	1.5	(0.9)	(2.4)
Health	165.4	7.0	37.8	29.6
Welfare	410.2	17.5	17.5	4.5
Education	652.8	27.8	45.8	7.5
Culture and recreation	71.2	3.0	20.0	39.1
Urban redevelopment and housing	11.6	0.5	2.6	28.9
Economic development and assistance	102.7	4.4	16.2	18.7
Intergovernmental expenditures	42.3	1.8	9.4	28.6
Social security and pension contributions	70.9	3.0	(34.5)	(32.7)
Debt service	247.9	10.6	(7.3)	(2.9)
All others	20.3	0.9	(9.1)	(31.0)
Total	$ 2,348.6	100.0%	$ 152.0	6.9 %





For further information on long-range trends in the expenditures for general governmental functions, Part III contains a tabulation covering the last ten fiscal years (Schedule K-2).

The operations of the State's General Fund for fiscal 1989 resulted in an unreserved-undesignated fund balance of $629.2 million at June 30, 1989, compared with $470.6 million at June 30, 1988. The financial details of the General Fund's operations are included in the "Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balance - General Fund" in Part II.

Debt Administration

The amount of net general obligation bonded debt per capita is a useful indicator of the State's debt position to its citizens. The amount at June 30, 1989 was $1,714; a schedule with such information for the last ten fiscal years is presented in Part III of this report (Schedule K-3). The following table presents certain data regarding the general obligation bonds issued in fiscal 1989:

Date Of Issue	Series	Interest Rates	Maturity Date	Amount
December 6, 1988	BL	6.581% - 7.681%	December 1, 1993/2008	$ 65,000,954
December 6, 1988	BM	Variable	December 1, 1993/1997	45,000,000
June 1, 1989	BN	7.000 - 7.100	June 1, 1992/2009	160,000,000

The general obligation bonds issued in fiscal 1989 were within the constitutional limitation established by the Constitutional Convention of 1978. The State Director of Finance's certification relative to the limitation is reproduced in Part III of this report.

The State's general obligation bonds have been rated Aa by Moody's Investors Service and AA by Standard & Poor's Corporation for a number of years.

The Housing Finance and Development Corporation issued $70.0 million of its Hula Mae Single Family Revenue Bonds, 1988 Series A, in November 1988 and the Harbors System issued $21.2 million of its Harbors Capital Improvement Revenue Bonds, Series of 1989, in January 1989. Information on the revenue bonds, for the last three fiscal years, is presented in the schedule contained in Part II of this report (Schedule F-4).

Cash Management

During fiscal 1989, the State earned $89.7 million for the General Fund by investing its temporary cash surpluses, an increase of $37.8 million from the amount earned in the previous fiscal year. The fiscal 1989 earnings represent an average investment yield of 7.18%, up from the 5.70% of the previous fiscal year.

Risk Management

The State maintains certain insurance coverages to satisfy bond indenture agreements as well as for other purposes, but is substantially self-insured for all other perils including workers' compensation. Expenditures for workers' compensation are appropriated annually.

Capital Projects Fund

Proceeds of general obligation bonds issued, primarily accounted for in the Capital Projects Fund, amounted to $270.0 million in fiscal 1989.

In accordance with the lapsing provisions of the various appropriations acts and laws relating to lapsing, capital improvement projects appropriations in the amount of $0.8 million lapsed during fiscal 1989. Authorized but unissued general obligation bonds totaled $390.1 million at June 30, 1989.

Enterprise Funds

The Enterprise Funds are comprised of the State's Airports, Harbors, Housing (comprised of Hawaii Housing Authority and Housing Finance and Development Corporation) and State Hospitals operations. Act 337, Session Laws of Hawaii of 1987, reorganized the Hawaii Housing Authority effective July 1, 1987. Act 337 transferred the housing finance, housing development and residential leasehold functions from the Hawaii Housing Authority to the Housing Finance and Development Corporation. The Housing Finance and Development Corporation was placed within the Department of Business and Economic Development for administrative purposes. The housing management function of the Hawaii Housing Authority remains with the Hawaii Housing Authority which continues to be administratively placed within the Department of Human Services.

The retained earnings of Airports increased from $305.0 million in fiscal 1988 to $461.2 million in fiscal 1989. Operating revenues increased from $150.1 million in fiscal 1988 to $245.5 million in fiscal 1989, and operating and depreciation expenses also increased, from $73.0 million to $95.6 million between the respective periods. Outstanding bonds, included in long-term liabilities, at June 30, 1989 totaled $451.3 million, a decrease from $475.8 million at June 30, 1988.

The retained earnings of Harbors increased from $90.3 million in fiscal 1988 to $101.5 million in fiscal 1989. Operating revenues increased from $27.1 million in fiscal 1988 to $31.0 million in fiscal 1989, and operating and depreciation expenses also increased, from $17.4 million to $18.1 million between the respective periods. Outstanding bonds, included in long-term liabilities, at June 30, 1989 totaled $117.2 million, an increase from $100.3 million at June 30, 1988.

The July 1, 1988 Housing deficit of $1.9 million was eliminated. At June 30, 1989, Housing reported retained earnings of $5.8 million. In fiscal 1989, operating revenues totaled $76.6 million and operating expenses including depreciation totaled $78.6 million. Contributions by the U. S. Department of Housing and Urban Development totaled $6.5 million in fiscal 1989. Outstanding revenue bonds, included in long-term liabilities, totaled $402.7 million at June 30, 1989.

The combined fund balances of the thirteen State Hospitals decreased from $90.8 million in fiscal 1988 to $69.4 million in fiscal 1989. Combined operating revenues increased from $89.7 million in fiscal 1988 to $93.3 million in fiscal 1989, and combined operating expenses including depreciation also increased, from $102.1 million to $116.7 million between the respective periods. Nonoperating revenues (expenses) and other operating transfers, consisting primarily of subsidies from other funds, totaled $2.0 million in fiscal 1989.

University Funds

The combined fund balances of the University Funds increased from $667.1 million in fiscal 1988 to $705.3 million in fiscal 1989. In fiscal 1989, combined revenues and other additions totaled $193.5 million, and combined expenses and other deductions totaled $435.4 million. These represent increases over fiscal 1988 of $25.0 million and $49.2 million, respectively. Combined subsidies from other funds totaled $280.1 million in fiscal 1989, an increase from $261.9 million in fiscal 1988. Outstanding bonds totaled $32.7 million at June 30, 1989 and $33.8 million at June 30, 1988.

General Fixed Assets

The general fixed assets of the State are those used in the performance of general governmental functions. They exclude the fixed assets of the Enterprise Funds and University Funds. As of June 30, 1989, the general fixed assets amounted to $1,563.9 million. Depreciation on general fixed assets is not recorded in the State's records.

Employees Union Contracts

The State Constitution grants public employees in Hawaii the right to organize for the purpose of collective bargaining. Each of the ten recognized bargaining units, of which State employees are members, designates an employee organization as its exclusive representative in negotiations with the employer. Substantially all of the bargaining units have contractual agreements effective through June 30, 1993.

Independent Audit

Although State statutes do not require an annual audit of all fund types and account groups of the State, the State engaged a firm of independent certified public accountants to examine the State's general purpose financial statements for the fiscal year ended June 30, 1989. The Independent Auditors' Report has been included in Part II of this report.

Economic Outlook

Hawaii has been enjoying a healthy economy and the outlook continues to be strong. Revenue projections for fiscal 1990 show a slight decrease in General Fund revenues, principally as a result of a one-time $125 general tax credit to taxpayers, changes in the income tax rates and credits, and the transfer of revenues toward educational facilities. Revenue projections for fiscal 1991, however, are expected to increase approximately 15% over fiscal 1990. Hawaii's unemployment rate of around 3% is reported to be one of the lowest in the nation; much lower than the national rate of over 5%. Employment growth is expected to continue.

Acknowledgements

I wish to extend my appreciation to the staff of the various State agencies whose dedicated time and effort made the preparation of this report possible. Their combined efforts have produced a report that I believe will serve as a helpful source of information for anyone having an interest in the financial operations of our State.

Respectfully submitted,

RUSSEL S. NAGATA
Comptroller, State of Hawaii

PART II: FINANCIAL SECTION

KPMG Peat Marwick

Certified Public Accountants

Peat Marwick Main & Co.
P.O. Box 4150
Honolulu, HI 96812-4150

Independent Auditors' Report

Comptroller
State of Hawaii
Honolulu, Hawaii

We have audited the general purpose financial statements of the State of Hawaii as of and for the year ended June 30, 1989, as listed in the accompanying table of contents under Part II: Financial Section. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the Enterprise Funds financial statements, comprised of the Department of Transportation - Airports and Harbors Divisions, the Hawaii Housing Authority, the Housing Finance and Development Corporation and the State Hospitals. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the Enterprise Funds, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Hawaii as of June 30, 1989, and the results of its operations and the changes in financial position of its Enterprise Funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and individual account group financial statements and schedules listed in the accompanying table of contents under Part II: Financial Section are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Hawaii. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introduction and statistical sections of this report and, accordingly, express no opinion thereon.

Peat Marwick Main & Co.

Honolulu, Hawaii
December 21, 1989

STATE OF HAWAII

Exhibit A-1

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1989

(Amounts in thousands)

	Governmental Fund Types			
ASSETS	General	Special Revenue	Debt Service	Capital Projects
Cash and short-term cash investments (note 4)	$ 726,084	$ 255,822	$ 10,685	$ 134,886
Receivables:				
Taxes (note 5)	31,063	-	-	-
Accounts and accrued interest, net (note 5)	-	3	-	-
Notes and loans, net (note 5)	1,630	62,009	-	-
Federal Government	-	-	-	-
Other	124	-	-	-
Due from other funds (note 15)	39	50	255	852
Investments (note 4)	280,964	4,526	-	147,847
Advances to Enterprise Funds (note 15)	13,443	-	-	-
Temporary loans to Capital Projects Fund	30,000	-	-	-
Inventories:				
Materials and supplies	-	-	-	-
Developments in progress and dwelling units inventory	-	-	-	-
Restricted assets (notes 6 and 10)	-	-	-	-
Property, plant and equipment (notes 7, 8 and 10)	-	-	-	-
Less accumulated depreciation	-	-	-	-
Net property, plant and equipment	-	-	-	-
Other assets:				
Assets held by agents for State Deferred Compensation Plan (note 19)	-	-	-	-
Land held for future development	-	-	-	-
Unamortized bond issue costs	-	-	-	-
Prepaid expenses	-	-	-	-
Other	-	25	-	-
Amount available in Debt Service Fund	-	-	-	-
Resources to be provided in future years for retirement of general long-term obligations	-	-	-	-
Total Assets	$ 1,083,347	$ 322,435	$ 10,940	$ 283,585

The accompanying notes are an integral part of the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups			
Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	University	Total (Memorandum Only)
$ 475,466	$ 430,940	$ -	$ -	$ 59,812	$ 2,093,695
577	-	-	-	-	31,640
55,263	-	-	-	6,557	61,823
280,590	-	-	-	14,696	358,925
19,245	-	-	-	11,157	30,402
3,972	-	-	-	2,241	6,337
2,176	-	-	-	29,794	33,166
33,285	17,480	-	-	22,029	506,131
-	-	-	-	-	13,443
-	-	-	-	-	30,000
3,352	-	-	-	7,710	11,062
26,747	-	-	-	-	26,747
414,415	-	-	-	-	414,415
1,577,740	-	1,563,869	-	640,814	3,782,423
398,959	-	-	-	-	398,959
1,178,781	-	1,563,869	-	640,814	3,383,464
-	109,804	-	-	-	109,804
12,684	-	-	-	-	12,684
12,933	-	-	-	-	12,933
340	-	-	-	218	558
1,044	-	-	-	-	1,069
-	-	-	255	-	255
-	-	-	2,006,297	-	2,006,297
$ 2,520,870	$ 558,224	$ 1,563,869	$ 2,006,552	$ 795,028	$ 9,144,850

STATE OF HAWAII

Combined Balance Sheet - All Fund Types and Account Groups (Cont'd)

June 30, 1989

(Amounts in thousands)

	Governmental Fund Types			
LIABILITIES AND FUND EQUITY	General	Special Revenue	Debt Service	Capital Projects
Liabilities:				
Vouchers and contracts payable	$ 21,292	$ 8,015	$ -	$ 10,253
Other accrued liabilities	-	-	-	-
Prepaid airport use charge (note 17)	-	-	-	-
Claims and judgments payable (note 12)	-	-	-	-
Due to employees under State Deferred Compensation Plan (note 19)	-	-	-	-
Due to individuals, businesses and counties	-	-	-	-
Due to other funds (note 15)	29,726	-	-	1,685
Advances from General Fund	-	-	-	-
Temporary loans from General Fund	-	-	-	30,000
Due to Federal Government and others	-	-	-	-
Payable from restricted assets:				
Contracts payable, accrued interest and other	-	-	-	-
Matured revenue bonds and interest coupons payable	-	-	-	-
Revenue bonds payable, net (note 10)	-	-	-	-
Due to other funds (note 15)	-	-	-	-
General obligation bonds payable (note 9)	-	-	-	-
General obligation bonds payable (notes 9 and 12)	-	-	-	-
Matured bonds and interest payable	-	-	10,685	-
Notes, loans and installment contracts payable (notes 8 and 12)	-	-	-	-
Capital lease obligation (notes 12 and 17)	-	-	-	-
Deferred revenue	31,063	-	-	-
Accrued vacation payable (note 12)	-	-	-	-
Security deposits	-	-	-	-
Liabilities collateralized by HUD annual contributions (note 10)	-	-	-	-
Revenue bonds payable, net (note 10)	-	-	-	-
Other	-	-	-	-
Total Liabilities	82,081	8,015	10,685	41,938
Fund Equity:				
Investment in fixed assets	-	-	-	-
Contributed capital (note 14)	-	-	-	-
Retained earnings - reserved	-	-	-	-
Retained earnings - unreserved	-	-	-	-
Fund balances (deficit):				
Federal grants refundable	-	-	-	-
Reserved for continuing appropriations	251,761	48,885	255	234,872
Reserved for receivables and advances	15,197	62,012	-	-
Reserved for investments	-	4,526	-	-
Reserved for Federal aid highway projects encumbrances	-	-	-	150,079
Reserved for unemployment compensation and others	-	25	-	-
Unreserved:				
Designated for future expenditures	105,120	29,106	-	-
Undesignated	629,188	169,866	-	(143,304)
Total Fund Equity	1,001,266	314,420	255	241,647
Commitments and contingencies (notes 17, 18 and 19)				
Total Liabilities and Fund Equity	$ 1,083,347	$ 322,435	$ 10,940	$ 283,585

Proprietary Fund Type	Fiduciary Fund Type	Account Groups			
Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	University	Total (Memorandum Only)
$ 20,589	$ 3,864	$ -	$ -	$ 13,508	$ 77,521
98,606	-	-	-	22,112	120,718
5,107	-	-	-	-	5,107
-	-	-	3,400	-	3,400
-	109,804	-	-	-	109,804
-	121,697	-	-	-	121,697
866	50	-	-	814	33,141
13,443	-	-	-	-	13,443
-	-	-	-	-	30,000
7,085	-	-	-	5,899	12,984
36,739	-	-	-	-	36,739
247	-	-	-	-	247
48,171	-	-	-	-	48,171
25	-	-	-	-	25
1,657	-	-	-	-	1,657
36,900	-	-	1,913,456	26,026	1,976,382
-	-	-	-	-	10,685
458	-	-	6,573	1,416	8,447
-	-	-	3,322	-	3,322
33,104	-	-	-	7,767	71,934
-	-	-	79,801	-	79,801
1,313	-	-	-	-	1,313
85,858	-	-	-	-	85,858
938,081	-	-	-	6,682	944,763
1,663	3,166	-	-	5,518	10,347
1,329,912	238,581	-	2,006,552	89,742	3,807,506
-	-	1,563,869	-	616,814	2,180,683
552,950	-	-	-	-	552,950
83,738	-	-	-	-	83,738
554,270	-	-	-	-	554,270
-	-	-	-	9,753	9,753
-	-	-	-	-	535,773
-	-	-	-	-	77,209
-	-	-	-	-	4,526
-	-	-	-	-	150,079
-	319,643	-	-	35,504	355,172
-	-	-	-	-	134,226
-	-	-	-	43,215	698,965
1,190,958	319,643	1,563,869	-	705,286	5,337,344
$ 2,520,870	$ 558,224	$ 1,563,869	$ 2,006,552	$ 795,028	$ 9,144,850

STATE OF HAWAII

EXHIBIT A-2

Combined Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balances (Deficit) - All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Governmental Fund Types				Fiduciary Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
Revenues:						
Taxes	$ 2,118,568	$ 77,441	$ -	$ -	$ 52,649	$ 2,248,658
Interest and investment income	93,795	13,202	-	-	23,919	130,916
Charges for current services	79,298	54,496	-	-	51	133,845
Intergovernmental	11,524	390,296	-	-	2,896	404,716
Rentals	4,460	7,816	-	-	-	12,276
Fines, forfeitures and penalties	13,695	1,935	-	-	-	15,630
Licenses and fees	2,950	4,034	-	-	-	6,984
Donations, contributions and deposits	-	-	-	-	13,269	13,269
Revenues from private sources	3,633	359	-	-	-	3,992
Other	12,530	15,371	-	-	159	28,060
Total Revenues	2,340,453	564,950	-	-	92,943	2,998,346
Other Financing Sources:						
Proceeds from general obligation bonds	-	-	-	270,001	-	270,001
Proceeds from installment contracts payable	1,026	-	-	-	-	1,026
Operating transfers in from other funds (note 16)	-	12,083	247,997	55,789	-	315,869
Contributions from property owners	-	-	-	5,117	-	5,117
Total Other Financing Sources	1,026	12,083	247,997	330,907	-	592,013
Total Revenues and Other Financing Sources	$ 2,341,479	$ 577,033	$ 247,997	$ 330,907	$ 92,943	$ 3,590,359

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

Combined Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balances (Deficit) - All Governmental Fund Types and Expendable Trust Funds (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Governmental Fund Types				Fiduciary Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
Expenditures:						
Current:						
General government	$ 224,221	$ 9,891	$ -	$ -	$ -	$ 234,112
Public safety	92,530	27,373	-	-	-	119,903
Highways	128	51,056	-	-	-	51,184
Conservation of natural resources	23,997	8,943	-	-	-	32,940
Health	122,980	26,950	-	-	-	149,930
Welfare	227,945	182,013	-	-	-	409,958
Lower education	497,589	80,154	-	-	-	577,743
Other education	10,185	5,115	-	-	-	15,300
Culture and recreation	41,710	10,696	-	-	-	52,406
Urban redevelopment and housing	1,803	3,836	-	-	-	5,639
Economic development and assistance	61,558	30,569	-	-	-	92,127
Social security and pension contributions	70,868	-	-	-	-	70,868
Expendable Trust Funds	-	-	-	-	59,237	59,237
Other	6,385	13,997	-	-	-	20,382
Intergovernmental	42,348	-	-	-	-	42,348
Capital outlay	-	-	-	225,937	-	225,937
Debt service	-	-	247,865	-	-	247,865
Total Expenditures	1,424,247	450,593	247,865	225,937	59,237	2,407,879
Other Financing Uses - operating transfers out to other funds (note 16)	529,082	79,953	-	17,064	-	626,099
Total Expenditures and Other Financing Uses	1,953,329	530,546	247,865	243,001	59,237	3,033,978
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ 388,150	$ 46,487	$ 132	$ 87,906	$ 33,706	$ 556,381

STATE OF HAWAII

Combined Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balances (Deficit) - All Governmental Fund Types and Expendable Trust Funds (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Governmental Fund Types				Fiduciary Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
Other Changes in Unreserved-Undesignated Fund Balances:						
Add:						
Continuing appropriations, July 1, 1988	$ 108,047	$ 49,877	$ 123	$ 251,396	$ -	$ 409,443
Unreserved-designated for future expenditures, July 1, 1988	139,312	33,411	-	-	-	172,723
Deduct:						
Continuing appropriations, June 30, 1989	251,761	48,885	255	234,872	-	535,773
Unreserved-designated for future expenditures, June 30, 1989	105,120	29,106	-	-	-	134,226
	(109,522)	5,297	(132)	16,524	-	(87,833)
Increase in reserve for Federal aid highway projects encumbrances, unemployment compensation and others	-	-	-	(105,730)	(33,706)	(139,436)
Total Other Changes in Unreserved-Undesignated Fund Balances	(109,522)	5,297	(132)	(89,206)	(33,706)	(227,269)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses and Other Changes in Unreserved-Undesignated Fund Balances	278,628	51,784	-	(1,300)	-	329,112
Unreserved-Undesignated Fund Balances (Deficit), July 1, 1988	470,560	118,082	-	(142,004)	-	446,638
Residual equity transfer out to Enterprise Funds	(120,000)	-	-	-	-	(120,000)
Unreserved-Undesignated Fund Balances (Deficit), June 30, 1989	$ 629,188	$ 169,866	$ -	$ (143,304)	$ -	$ 655,750

STATE OF HAWAII

EXHIBIT A-3

Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds (Note 3)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	General Fund			Special Revenue Funds		
	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	$ 1,856,325	$ 2,118,568	$ 262,243	$ 75,462	$ 77,441	$ 1,979
Interest and investment income	33,632	93,795	60,163	9,049	13,202	4,153
Charges for current services	66,548	79,298	12,750	41,792	54,496	12,704
Intergovernmental. . . .	9,420	11,524	2,104	407,215	390,296	(16,919)
Rentals	4,859	4,460	(399)	5,679	7,816	2,137
Fines, forfeitures and penalties	13,262	13,695	433	1,333	1,935	602
Licenses and fees . . .	3,590	2,950	(640)	398	4,034	3,636
Revenues from private sources . . .	845	3,633	2,788	748	359	(389)
Other	3,067	12,530	9,463	7,541	15,371	7,830
Total Revenues	1,991,548	2,340,453	348,905	549,217	564,950	15,733
Other Financing Sources - operating transfers in from other funds	37,257	37,653	396	-	12,083	12,083
Total Revenues and Other Financing Sources	$ 2,028,805	$ 2,378,106	$ 349,301	$ 549,217	$ 577,033	$ 27,816

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds (Note 3) (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	General Fund			Special Revenue Funds		
	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Expenditures:						
Current:						
General government .	$ 318,085	$ 307,845	$ 10,240	$ 17,914	$ 7,569	$ 10,345
Public safety . . .	95,103	92,563	2,540	36,695	24,989	11,706
Highways	2,218	2,218	-	80,063	50,677	29,386
Conservation of natural resources	25,367	25,257	110	3,896	3,468	428
Health	131,002	128,273	2,729	40,677	28,947	11,730
Welfare	244,848	234,189	10,659	182,018	169,195	12,823
Lower education . .	532,996	520,314	12,682	94,279	79,719	14,560
Other education . .	10,302	10,170	132	5,100	5,075	25
Culture and recreation	46,943	45,900	1,043	18,306	10,595	7,711
Urban redevelopment and housing . . .	1,080	907	173	5,174	3,053	2,121
Economic development and assistance . .	54,110	49,407	4,703	47,738	20,654	27,084
Social security and pension contributions . .	70,895	70,865	30	-	-	-
Other	9,433	8,275	1,158	12,196	9,941	2,255
Intergovernmental . .	43,484	42,348	1,136	-	-	-
Total Expenditures	1,585,866	1,538,531	47,335	544,056	413,882	130,174
Other Financing Uses - operating transfers out to other funds . .	579,687	567,539	12,148	-	-	-
Total Expenditures and Other Financing Uses	2,165,553	2,106,070	59,483	544,056	413,882	130,174
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ (136,748)	$ 272,036	$ 408,784	$ 5,161	$ 163,151	$ 157,990

STATE OF HAWAII

EXHIBIT A-4

Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Funds

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Operating Revenues:	
Concession fees	$ 213,729
Sales of dwelling units	10,711
Patient service revenues (net of contractual allowances and adjustments of $17,220)	91,688
Airport use charge	6,805
Rentals	42,796
Aviation fuel tax	7,382
Services and others	21,916
Interest	48,575
Other	2,834
Total Operating Revenues	446,436
Operating Expenses:	
Personal services	87,555
Nursing services	39,916
Interest	40,415
Depreciation	37,375
Repairs and maintenance	19,940
Cost of sales - dwelling units	8,522
Airports operations	13,456
Harbors operations	1,201
Fireboat operations	982
Loan servicing fees and amortization of bond issue costs	1,283
General administration	51,248
Other	7,103
Total Operating Expenses	308,996
Operating Income	$ 137,440

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Funds (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Nonoperating Revenues (Expenses):	
Interest income	$ 32,357
Interest expense	(32,402)
Amortization of bond discount and bond issue costs	(122)
HUD annual contributions	6,475
Donations and grants	29
Other	(1,710)
Total Nonoperating Revenues (Expenses)	4,627
Income before Operating Transfers In and Extraordinary Item	142,067
Operating Transfers In (note 16):	
General Fund	4,058
Capital Projects Fund	232
Total Operating Transfers In	4,290
Income before Extraordinary Item	146,357
Extraordinary Item - loss from early redemption of revenue bonds payable (note 19)	(608)
Net Income	145,749
Depreciation on contributed fixed assets that reduces contributed capital	10,598
Retained Earnings, July 1, 1988	484,286
Residual equity transfer from retained earnings to contributed capital of Housing	(2,625)
Retained Earnings, June 30, 1989	$ 638,008

STATE OF HAWAII

EXHIBIT A-5

Combined Statement of Changes in Financial Position - Enterprise Funds

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Sources of Working Capital:	
Operations:	
Income before extraordinary item	$ 146,357
Items not requiring use of (providing) working capital:	
Depreciation	37,375
Amortization of bond discount and bond issue costs	1,199
Amortization of discount on U. S. Government securities	(1,612)
Earnings on investment in direct financing leases and other	(142)
Loss on disposal of facilities	5
Amortization of deferred commitment fees	(125)
Recognition of deferred gain	(74)
Working capital provided from operations before extraordinary item	182,983
Extraordinary item -	
loss from early redemption of revenue bonds payable	(608)
Add noncash amount related to write-off of unamortized bond issue costs	608
Working capital provided from operations	182,983
Contributed capital:	
Residual equity transfer in from General Fund	120,000
Federal and State grants and transfers	39,428
HUD contributions	32,591
Revenue bond proceeds	91,200
Disposal of property, plant and equipment	949
Repayments of mortgage loans receivable	29,503
Repayments of notes and loans receivable	114
Decrease in land held for future development	15,882
Decrease in advances due from lessees	835
Decrease in other noncurrent assets	313
Net increase in liabilities payable from restricted assets	5,164
Increase in deferred commitment fees	1,025
Total Sources of Working Capital	$ 519,987

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

Combined Statement of Changes in Financial Position - Enterprise Funds (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Uses of Working Capital:	
Net increase in restricted assets	$ 28,513
Additions to property, plant and equipment	156,774
Increase in accrued interest receivable	204
Additions to mortgage loans receivable	20,547
Increase in notes and loans receivable	2,093
Increase in investments - U. S. Government securities	5,325
Increase in bond issue costs	1,547
Decrease in security deposits	69
Decrease in HUD-secured liabilities	1,757
Redemptions and current maturities of long-term debt	60,732
Increase in unamortized bond discount	311
Decrease in other noncurrent liabilities	574
Total Uses of Working Capital	278,446
Net Increase in Working Capital	$ 241,541
Elements of Net Increase in Working Capital:	
Current assets:	
Cash and short-term cash investments	235,538
Receivables	(13,765)
Due from other funds	1,925
Investments	20,858
Inventories	24,887
Unamortized bond issue costs, current portion	23
Prepaid expenses	(104)
Current liabilities:	
Vouchers and contracts payable	(7,699)
Other accrued liabilities	(22,019)
Prepaid airport use charge	7,842
Due to other funds	(851)
Due to Federal Government, current portion	50
General obligation bonds payable, current portion	(19)
Liabilities collateralized by HUD annual contributions, current portion	27,992
Deferred revenue	(33,104)
Custodial funds and deposits	(13)
Net Increase in Working Capital	$ 241,541

STATE OF HAWAII

Exhibit A-6

Combined Statement of Revenues, Expenditures, Interfund Transfers, Operating Transfers and Changes in Fund Balances - University Funds

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Current Funds		Loan	Endowment
	Unrestricted	Restricted	Funds	Funds
Revenues and Other Additions:				
Educational and general revenues:				
Tuition and fees	$ 14,672	$ -	$ -	$ -
Federal appropriations, grants and contracts	3,960	66,647	360	-
State and local grants and contracts	74	6,319	-	-
Private gifts, grants and contracts	-	6,119	-	2
Sales and services	-	7	-	-
Endowment income and others	80	1,258	-	-
Auxiliary enterprises revenues	38,433	-	-	-
Investment income	-	-	565	117
Expended for plant facilities	-	-	-	-
Contributions for plant facilities	-	-	-	-
Contributions for renewals and replacements	-	-	-	-
Contributions for debt retirement	-	-	-	-
Other	8,286	341	1	-
Total Revenues and Other Additions	65,505	80,691	926	119
Expenditures and Other Deductions:				
Educational and general expenditures:				
Instruction	128,073	9,403	-	-
Research	38,473	46,363	-	-
Public service	13,109	11,874	-	-
Academic support	36,318	2,083	-	-
Student services	15,019	2,287	-	-
Institutional support	23,740	823	-	-
Operation and maintenance of plant	34,823	14	-	-
Scholarships and fellowships	314	7,319	-	-
Auxiliary enterprises expenditures	35,526	-	-	-
Independent operation expenditures	1,656	396	-	-
Expenditures for plant facilities	-	-	-	-
Loan cancellations, write-offs and allowance for uncollectible loans	-	-	854	-
Debt retirement and interest	-	-	-	-
Disposal and write-off of plant facilities	-	-	-	-
Other	-	-	124	-
Total Expenditures and Other Deductions	$ 327,051	$ 80,562	$ 978	$ -

The accompanying notes are an integral part of the general purpose financial statements.

Plant Funds				
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Total
$ -	$ -	$ -	$ -	$ 14,672
440	-	349	-	71,756
-	-	-	-	6,393
-	-	-	1,160	7,281
-	-	-	-	7
-	-	-	-	1,338
-	-	-	-	38,433
-	7	100	-	789
-	-	-	23,955	23,955
-	-	-	17,798	17,798
-	14	-	-	14
-	-	169	1,077	1,246
-	-	-	1,143	9,771
440	21	618	45,133	193,453
-	-	-	-	137,476
-	-	-	-	84,836
-	-	-	-	24,983
-	-	-	-	38,401
-	-	-	-	17,306
-	-	-	-	24,563
-	-	-	-	34,837
-	-	-	-	7,633
-	-	-	-	35,526
-	-	-	-	2,052
2,439	275	-	-	2,714
-	-	-	-	854
-	-	3,046	-	3,046
-	-	-	21,074	21,074
-	-	5	-	129
$ 2,439	$ 275	$ 3,051	$ 21,074	$ 435,430

STATE OF HAWAII

Combined Statement of Revenues, Expenditures, Interfund Transfers, Operating Transfers and Changes in Fund Balances - University Funds (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Current Funds		Loan Funds	Endowment Funds
	Unrestricted	Restricted		
University Interfund Transfers In (Out):				
Mandatory:				
Principal and interest	$ (1,984)	$ -	$ -	$ -
Renewals and replacements	(190)	-	-	-
Contributions to Loan Funds	(40)	-	40	-
Voluntary:				
Renewals and replacements	(1,256)	-	-	-
Quasi-endowment - unrestricted principal	(1,419)	-	-	1,419
Quasi-endowment - restricted principal	-	(16)	-	16
Reinvestment of endowment income	(80)	(25)	-	105
Contributions to Loan Funds	(438)	26	412	-
Total University Interfund Transfers In (Out)	(5,407)	(15)	452	1,540
Operating Transfers In (note 16):				
General Fund	275,584	114	-	-
Capital Projects Fund	-	-	-	-
Total Operating Transfers In	275,584	114	-	-
Net Increase (Decrease) in Fund Balances	8,631	228	400	1,659
Fund Balances, July 1, 1988	34,584	3,459	16,194	23,317
Fund Balances, June 30, 1989	$ 43,215	$ 3,687	$ 16,594	$ 24,976

Plant Funds				
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Total
$ -	$ -	$ 1,984	$ -	$ -
-	190	-	-	-
-	-	-	-	-
-	1,256	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,446	1,984	-	-
2,000	-	-	-	277,698
2,427	-	-	-	2,427
4,427	-	-	-	280,125
2,428	1,192	(449)	24,059	38,148
330	2,802	1,905	584,547	667,138
$ 2,758	$ 3,994	$ 1,456	$ 608,606	$ 705,286

STATE OF HAWAII

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1989

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1. Financial Statements Presentation

General

The accompanying general purpose financial statements of the State of Hawaii (State) present the financial position of the various fund types and account groups, the results of operations of the various fund types and the changes in financial position of the Proprietary Fund Type as of and for the fiscal year ended June 30, 1989.

Definition of Reporting Entity

The State has defined its reporting entity in accordance with National Council on Governmental Accounting (NCGA) Statement 3, as adopted by the Governmental Accounting Standards Board (GASB), "Defining the Governmental Reporting Entity." This statement provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity and how information about them should be presented. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of oversight responsibility is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Based on the application of these criteria, the following branches and departments have been determined to be component units of the State reporting entity and are included in the accompanying general purpose financial statements:

Executive:
- Accounting and General Services
- Agriculture
- Attorney General
- Budget and Finance
- Business and Economic Development
- Commerce and Consumer Affairs
- Corrections
- Defense
- Education
- Hawaiian Home Lands
- Health
- Human Services
- Labor and Industrial Relations
- Land and Natural Resources
- Personnel Services
- Taxation
- Transportation
- University of Hawaii

Judicial
Legislative

The State's general purpose financial statements do not reflect the financial position and results of operations of the Employees' Retirement System of the State of Hawaii (ERS) because oversight responsibility is held by the ERS Board of Trustees. The Board administers the ERS on behalf of public employees for both the State and county governments.

Fund Accounting

The financial activities are recorded in individual funds classified by type and described in the following sections, each of which is deemed to be a separate accounting entity. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses.

Account groups are used to establish accounting control and accountability for the State's general fixed assets and general long-term obligations. Account groups are not funds as they do not reflect available financial resources and related liabilities.

GOVERNMENTAL FUND TYPES

General Fund

Financial resources obtained and used for services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in the General Fund.

Special Revenue Funds

Financial resources obtained from specific revenue sources and used for restricted purposes are accounted for in Special Revenue Funds.

Debt Service Fund

Financial resources obtained and used for the payment of principal and interest on general long-term bond obligations are accounted for in the Debt Service Fund.

Capital Projects Fund

Substantially all financial resources obtained and used for the acquisition or construction of State general fixed assets and facilities are reflected in the Capital Projects Fund. Such resources are derived principally from proceeds of general obligation bond issues, Federal grants and operating transfers from the Special Revenue Funds.

PROPRIETARY FUND TYPE

Enterprise Funds are comprised of:

- Department of Transportation - Airports Division (Airports) which operates the State's airports and air navigation facilities and is responsible for general supervision of aeronautics within the State.

- Department of Transportation - Harbors Division (Harbors) which operates the State's commercial harbors.

- Housing Funds (Housing) comprised of the Hawaii Housing Authority (HHA) and the Housing Finance and Development Corporation (HFDC), which provide dwelling units for low- and moderate-income residents of the State.

- State Hospitals Fund (State Hospitals) account for the operations of the State's hospitals and are comprised of the following:

  Hilo Hospital
  Honokaa Hospital
  Ka'u Hospital
  Kauai Veterans Memorial Hospital
  Kohala Hospital
  Kona Hospital
  Kula Hospital
  Lanai Community Hospital
  Leahi Hospital
  Samuel Mahelona Memorial Hospital
  Maluhia Hospital
  Maui Memorial Hospital and Hana Medical Center

The financial statements of the State Hospitals have been prepared in accordance with the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide - Hospital Audit Guide.

FIDUCIARY FUND TYPE

Trust and Agency Funds

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in the Trust and Agency Funds. Trust and Agency Funds are comprised of:

- Expendable Trust Funds which account for assets held in trust to be expended for designated purposes.
- Agency Funds which account for employee benefit receipts and payments to the Hawaii Public Employees Health Fund and the clearance accounts for State payroll and tax collections which include protested tax payments.

ACCOUNT GROUPS

General Fixed Assets Account Group

General Fixed Assets Account Group is used to account for all fixed assets of the State other than those accounted for in the Enterprise and University Funds.

General Long-Term Obligations Account Group

General Long-Term Obligations Account Group is used to account for the unmatured long-term general obligation bonds excluding those accounted for in the Enterprise and University Funds. Certain notes payable, installment obligations, capital lease obligation, accrued vacation payable and claims and judgments payable for Governmental Fund Types are reflected in the General Long-Term Obligations Account Group.

UNIVERSITY FUNDS

Financial activities of State higher education institutions are accounted for in the University Funds (University). The financial statements of the University have been prepared in accordance with the AICPA Industry Audit Guide - Audits of Colleges and Universities.

2. Summary of Significant Accounting Policies

GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST AND AGENCY FUNDS

Basis of Accounting

All governmental funds and expendable trust and agency funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The State uses the modified accrual basis of accounting for the General, Special Revenue, Debt Service, Capital Projects and Expendable Trust and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance operations of the current fiscal year. Measurable means that the amount of the transaction can be determined. Available means that the amount is collected in the current fiscal year or soon enough after year-end to liquidate liabilities existing at the end of the fiscal year. Revenues susceptible to accrual include certain self-assessed taxes and Federal grants. Self-assessed taxes which consist of general excise, income, liquor and public service company taxes are recognized as receivables and deferred revenue when the tax returns are filed. Deferred revenue is not recognized as revenues until such time that receivables are deemed to be collectible and available to pay liabilities of the current period, generally upon receipt of payment. Revenues which are not considered susceptible to accrual and therefore are not accrued include fines, forfeitures and penalties, licenses, permits and franchises. Expenditures are recorded on the accrual basis of accounting when the related fund liability is incurred except for interest on long-term obligations, which is recognized when payment is due.

Encumbrances are recorded obligations in the form of purchase orders or contracts. The State records encumbrances at the time purchase orders or contracts are awarded and executed. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Investments

Investments are carried at cost or amortized cost.

Assets Held by Agents for the State Deferred Compensation Plan

Assets held by agents for the State Deferred Compensation Plan are carried at market value.

Accumulated Vacation and Sick Leave

State employees' accumulated vacation is expected to be liquidated with future expendable resources and therefore is accrued in the General Long-Term Obligations Account Group. Sick leave is not convertible to pay upon termination of employment and is recorded as an expenditure when taken.

Fund Balances

Portions of fund balances are reserved for the following:

- Continuing appropriations which include specific legislative appropriations which do not lapse at the end of the fiscal year.
- Notes receivables, advances and investments which are not currently available for expenditure at the balance sheet date.
- Federal aid highway projects encumbrances.
- Expendable trust fund balances which are restricted to the purpose of the account.

Portions of the unreserved fund balances are designated for future capital and operating expenditures. These designated fund balances represent authorized appropriations which have not been allotted as of June 30, 1989.

PROPRIETARY FUND TYPE

Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g. expenses) in net total assets.

The accounts of the Proprietary Fund Type are reported under the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recorded when they are incurred.

Investments

Investments in U. S. Government securities, corporate bonds and other short-term investments are stated at amortized cost. Investment in repurchase agreements and corporate stocks are stated at cost. Contributed investments are recorded at fair market value when received.

Inventories

Inventories, consisting of materials and supplies, developments in progress and dwelling units, are stated at the lower of cost or market. Cost is determined principally using the first-in, first-out method for materials and supplies and the specific identification method for developments in progress and dwelling units.

Property, Plant and Equipment

Property, plant and equipment acquired by purchase or construction are recorded at cost. Contributed property is recorded at fair market value at date of receipt. Airports facilities are depreciated on the straight-line basis over estimated useful lives of 20 to 45 years for land improvements, buildings and other improvements and 10 years for machinery and equipment. Depreciation on Harbors facilities is provided on the straight-line basis over estimated useful lives using composite rates of 1% to 20% for land improvements, buildings and other improvements and 8% for machinery and equipment. Depreciation on Harbors facilities is not provided for in the year of acquisition, but is provided for the entire year in the year of disposal. Depreciation is provided by Housing on its property and equipment on the straight-line basis over estimated useful lives of 10 to 40 years for buildings and improvements and 3 to 10 years for equipment. Depreciation on State Hospitals facilities is provided on the straight-line basis over estimated useful lives of 5 to 50 years for buildings and improvements and 5 to 40 years for machinery and equipment.

Maintenance, repairs, minor replacements, renewals and betterments are charged to operations as incurred. Major renewals, replacements and betterments are capitalized. Disposal of assets are recorded by removing the cost and related accumulated depreciation from the accounts with the resulting gain or loss reflected in operations.

Depreciation on property acquired through grants is included in depreciation expense presented in the Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Funds and is transferred to the contributed capital account. Transfer of depreciation on Housing assets acquired or constructed from U. S. Department of Housing and Urban Development (HUD) annual contributions is limited to the lesser of the depreciation expense or HUD annual contributions received for the payment of debt principal.

Land Held for Future Development

Land held for future development are stated at the lower of cost or market.

Bond Issue Costs

Costs related to the issuance of bonds are capitalized and amortized using the straight-line method over the term of the obligations.

Unamortized Bond Discount

Bond discount is amortized using the effective interest method over the term of the related debt. The unamortized balance is offset against the related long-term debt.

Interest Cost

Total interest cost incurred for the fiscal year ended June 30, 1989 amounted to $88,493,000 of which $15,676,000 was capitalized as part of the acquisition cost of facilities.

HUD Annual Contributions

Housing receives contributions from HUD for payment of principal and interest on notes and bonds. The debt service contributions related to principal and interest are recognized as contributed capital and non-operating revenue, respectively.

Profit Recognition on Dwelling Unit Sales

Revenues and profit from sales of dwelling units are recognized when the amount of revenue is measurable; that is, collectibility of the sales price is reasonably assured and the earnings process is complete.

Commitment Fees

Commitment fees collected in connection with the Single Family Mortgage Purchase programs are deferred and amortized as an adjustment of the related loan's yield. The State has anticipated prepayments and is amortizing these amounts over an estimated economic life of twelve years. Costs relating to additional due diligence procedures performed by the State prior to acquiring the loans are expensed as incurred.

Restricted Assets Investments

The Revenue Bond Fund indentures authorize the State's trustees to invest monies in certificates of deposit, money market funds and investment securities, including U. S. Government and agency obligations, certain municipal bonds and repurchase agreements. Uninsured certificates of deposit are required to be collateralized by investment securities of an equal or greater market value. The underlying securities for repurchase agreements are required to be U. S. Government or agency obligations of an equal or greater market value held by the State's agent in the State's name.

Medicare and Medicaid Reimbursements

Revenues from services reimbursed under Medicare and Medicaid programs are recorded at the estimated reimbursable amounts. Final determination of the amounts earned is subject to review by the fiscal intermediary or a peer review organization. In the opinion of management, adequate provision has been made for any adjustments that may result from such reviews.

ACCOUNT GROUPS

General Fixed Assets

General fixed assets are recorded at cost. Certain assets for which cost is not determinable have been valued at estimated historical cost. Contributed fixed assets are recorded at fair market value at the date of donation. Infrastructure assets consisting principally of highways, roads and bridges are expended in the Capital Projects Fund and are not capitalized or reported in the General Fixed Assets Account Group. Such assets are normally immovable and of value only to the State. Depreciation is not provided on general fixed assets.

UNIVERSITY FUNDS

Basis of Accounting

The accounts of the University are reported using the current financial resources measurement focus.

The financial statements of the University have been prepared on the accrual basis of accounting with the exception that depreciation expense related to plant fund assets is not recorded. The Combined Statement of Revenues, Expenditures, Interfund Transfers, Operating Transfers and Changes in Fund Balances - University Funds is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses. To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) as transfers of a voluntary nature for all other cases.

Fund Accounting

The financial activities of the University of Hawaii are recorded in funds which classify the various transactions by specified activities or objectives.

Tuition and fees of the University's fall and spring semesters and certain other receipts aggregating $33,336,000 in fiscal 1989 are deposited in the State's General Fund in accordance with Act 184, Session Laws of Hawaii of 1961 and other acts. Restricted gifts, grants, endowment income and other restricted resources are accounted for in restricted current funds, loan funds, endowment funds and plant funds. Revenues and expenditures reported in the restricted current funds are designated for specific current operating purposes. Transactions related to the various student loan programs are accounted for in the loan funds. Resources restricted for the acquisition of and investment in property, plant and equipment are accounted for in the plant funds.

Endowment funds are subject to the donor restrictions requiring the principal to be invested in perpetuity with only income to be utilized.

ALL FUNDS

Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the State, subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the State Attorney General that the State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Federal Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenue when available and entitlement occurs. All other Federal reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures or expenses are incurred.

Intrafund and Interfund Transactions

Transfers of financial resources between departments and activities included within the same fund are offset within the fund. Transfers from funds receiving revenues to funds through which the resources are to be expended are recorded as operating transfers unless the transfer is considered to be nonrecurring or nonroutine transfers of equity which are then recorded as residual equity transfers.

Total Columns on General Purpose Financial Statements

Total columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not purport to present financial position or results of operations of the State in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation.

3. Budgeting and Budgetary Control

The budget of the State is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year, (2) the estimated revenues available to finance the operating plan and (3) the estimated spending requirements of the operating plan. The budget represents a process through which policy decisions are made, implemented and controlled. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated throughout the fiscal year. Amounts reflected as budgeted revenues in the Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds are those estimates as compiled by the Council on Revenues and the State Director of Finance. Budgeted expenditures are derived primarily from the

General Appropriations Act of 1987 (Act 216, Session Laws of Hawaii of 1987), as amended by the Supplemental Appropriations Act of 1988 (Act 390, Session Laws of Hawaii of 1988), and from other authorizations contained in the Hawaii Constitution, the Hawaii Revised Statutes and other specific appropriations acts in various Session Laws of Hawaii.

All expenditures of these appropriated funds are made pursuant to the appropriations in the 1987-1989 biennial budget as amended by subsequent supplemental appropriations. The Supplemental Appropriations Act of 1988 (Act 390, Session Laws of Hawaii of 1988) provided supplemental appropriations of $126,450,000 and $23,274,000 for the General and Special Revenue Funds, respectively. The final legally adopted budget in the accompanying Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds represents the original appropriations, supplemental appropriations, transfers and other legally authorized legislative and executive changes.

Budgetary control is maintained at the appropriation line item as established in the appropriations acts. The Governor is authorized to transfer appropriations within a State agency; however, transfers of appropriations between State agencies generally require legislative authorization. Records and reports reflecting the detail level of control are maintained by and are available at the Department of Accounting and General Services. During the fiscal year ended June 30, 1989, there were no expenditures in excess of appropriations at the legal level of budgetary control.

To the extent not expended or encumbered, General Fund appropriations generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse date and any other contingencies which may terminate the authorization for other appropriations.

Budgets adopted by the State Legislature for the General and Special Revenue Funds are presented in the Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds. The State's annual budget is prepared on the modified accrual basis of accounting with several differences, principally related to the encumbrance of purchase order and contract obligations and equipment acquired through long-term financing (basis differences) and the accounting for transfers of debt service payments through the General Fund (perspective differences). These differences represent departures from generally accepted accounting principles (GAAP).

A summarization of the material basis differences for the fiscal year ended June 30, 1989 follows (amounts expressed in thousands):

	Funds	
	General	Special Revenue
Excess of revenues and other financing sources over expenditures and other financing uses - actual (budgetary basis)	$ 272,036	$ 163,151
Reserve for continuing appropriations at year-end	251,761	37,347*
Designated for future expenditures	105,120	-
Expenditures for liquidation of prior fiscal year encumbrances and designations	(240,767)	-
Expenditures for unbudgeted programs, principally expenditures for Federal grant projects and revolving funds	-	(154,011)
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	$ 388,150	$ 46,487

*Amount reflects the encumbrance balances (included in continuing appropriations) for budgeted programs only.

4. Cash and Investments

The State Director of Finance is responsible for the safekeeping of all monies paid into the State Treasury. The State Director of Finance may invest any monies of the State which in the Director's judgment are in excess of the amounts necessary for meeting the immediate requirements of the State. Legally authorized investments include obligations of or guaranteed by the Federal Government, obligations of the State, federally-insured savings and checking accounts, time certificates of deposit and repurchase agreements with federally-insured financial institutions.

Information on cash and investments of the ERS is presented in note 18.

Cash

The State maintains approximately 20 bank accounts for various purposes at locations throughout the State and the nation. Bank deposits are under the custody of the State Director of Finance.

For demand or checking accounts and certificates of deposit, the State requires that the depository banks pledge collateral based on the daily available bank balances. All securities pledged as collateral are held either by the State Treasury or by the State's fiscal agent in the name of the State.

The carrying amount of the State's total deposits as of June 30, 1989 was $2,267,379,000 (which includes $173,684,000 of cash, time certificates of deposit and money market accounts classified as restricted assets) and the corresponding bank balances which are represented were $2,449,583,000. The portion of such bank balances covered by Federal depository insurance or by collateral held either by the State Treasury or by the State's fiscal agent in the name of the State totaled $2,408,006,000. The remaining bank balances of $41,577,000, the majority of which represents Enterprise Funds cash in bank, were uninsured and uncollateralized. Such cash balances were held by fiscal agents in the State's name for the purpose of satisfying outstanding bond obligations.

Investments

The State holds investments both for its own benefit and as an agent for other parties. The State's investment of funds not required for immediate payments are predominantly comprised of U. S. Government securities.

The following table presents the carrying amounts and market values of investments by type and categorizes the carrying amounts as follows:

- Category 1 are investments which are insured or registered, or for which the securities are held by the State or its agent in the State's name.
- Category 2 are investments which are uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the State's name.
- Category 3 are investments which are uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the State's name.

At June 30, 1989, the State's investments consisted of (amounts expressed in thousands):

	Carrying Value	Market Value	Category 1	Category 2	Category 3
Investments:					
U. S. Government Securities Money Market Fund	$ 332	$ 332	$ 332	$ -	$ -
U. S. Government securities, at amortized cost	587,044	592,028	531,897	-	55,147
Repurchase agreements	108,444	108,444	108,421	-	23
Corporate stocks and bonds	20,851	23,707	3,850	-	17,001
	716,671	724,511	644,500	-	72,171
Less restricted assets investments	210,540	209,583	159,442	-	51,098
	$ 506,131	$ 514,928	$ 485,058	$ -	$ 21,073

5. Receivables

Taxes Receivable

At June 30, 1989, taxes receivable consisted of the following (amounts expressed in thousands):

	Funds	
	General	Enterprise - Airports
Public service company tax	$ 24,406	$ -
Income taxes and other self-assessed taxes	6,657	-
Aviation fuel tax (note 10)	-	577
	$ 31,063	$ 577

Under the Hawaii Revised Statutes, the public service company tax is levied on certain businesses based upon gross income. The tax is due at the beginning of the calendar year; however, a company may elect to pay the tax in four equal installments during the year. The taxes receivable balance consists primarily of uncollected installments.

Accounts and Accrued Interest Receivable

At June 30, 1989, accounts and accrued interest receivable consisted of the following (amounts expressed in thousands):

	Funds						
		Enterprise					
	Special Revenue	Airports	Harbors	Housing	State Hospitals	Total	University
Airport services and fees	$ -	$ 3,573	$ -	$ -	$ -	$ 3,573	$ -
Harbor services and fees	-	-	4,141	-	-	4,141	-
Hospital patient services	-	-	-	-	57,744	57,744	-
Accrued interest	-	4,290	965	8,336	-	13,591	283
Other	3	-	-	-	-	-	6,440
	3	7,863	5,106	8,336	57,744	79,049	6,723
Less allowance for doubtful accounts	-	(750)	(670)	-	(22,366)	(23,786)	(166)
Accounts and accrued interest receivable, net	$ 3	$ 7,113	$ 4,436	$ 8,336	$ 35,378	$ 55,263	$ 6,557

Notes and Loans Receivable

At June 30, 1989, notes and loans receivable, net of estimated uncollectible amounts, consisted of the following (amounts expressed in thousands):

General Fund	
Industrial Loans Guaranty	$ 326
Molokai Task Force loans	259
Kauai Task Force loans	176
North Kohala Task Force loans	718
State disaster commercial loans	2
Molokai General Hospital	149
Total	$ 1,630
Special Revenue Funds	
Agriculture:	
Farm loans	17,617
Hawaii agricultural products loans	129
Hawaii aquacultural loans	212
Business and Economic Development:	
Commercial fishing vessel repairs and maintenance loans	138
Hawaii capital loans	4,061
Fisheries new vessel loans	1,929
State disaster loans	40
Hawaiian Home Lands:	
Native Hawaiian Rehabilitation Fund loans	50
Statewide replacement loans	7,204
Maintenance, repair and renovation loans	595
Loan guaranty loans	235
Homesteaders loans	3,434
Homesteaders and non-homesteaders loans	554
Hawaiian Home Lands loans	2,056
Hawaiian Home Lands general loans	22,604
Farm loans	884
Office of Hawaiian Affairs - Economic development loans	18
Veterans' loans	249
Total	$ 62,009
Enterprise Funds - Housing Funds	
Mortgage loans	264,534
Notes and loans, net of deferred gain of $2,576 on sale of housing projects	16,056
Total	$ 280,590

University Funds

Student loans, net of allowance for doubtful accounts of $3,649	$ 14,696

Hawaiian Home Lands loans are generally collateralized by real property.

6. Restricted Assets

At June 30, 1989, restricted assets consisted of the following (amounts expressed in thousands):

	Enterprise Funds				
	Airports	Harbors	Housing	State Hospitals	Total
Cash	$ 35,314	$ 16,025	$ 3,936	$ 5,271	$ 60,546
Time certificates of deposit and money market accounts	84,100	27,494	1,544	-	113,138
Investments:					
U. S. Government securities, at amortized cost (total market value of $107,139)	36,965	14,133	56,999	-	108,097
Repurchase agreements	-	-	102,443	-	102,443
Net direct financing leases	9,184	17,295	-	-	26,479
Other	-	-	-	3,712	3,712
	$ 165,563	$ 74,947	$ 164,922	$ 8,983	$ 414,415

The repurchase agreements are held by certain regulated financial institutions and are collateralized by U. S. Government securities with a market value of approximately $105,433,000 at June 30, 1989. The securities collateralizing the repurchase agreements are held by the State's agent in the State's name.

See note 4 for carrying amounts and market values of investments by type and investment risk categories.

Certain leases of State-owned special facilities to parties engaged in airline and maritime operations are accounted for as direct financing leases. At June 30, 1989, net direct financing leases consisted of the following (amounts expressed in thousands):

	Enterprise Funds		
	Airports	Harbors	Total
Total minimum lease payments receivable	$ 12,890	$ 56,392	$ 69,282
Estimated unguaranteed residual value	-	3,600	3,600
Less amount representing interest	(4,403)	(42,697)	(47,100)
	8,487	17,295	25,782
Cash with trustee and other	697	-	697
	$ 9,184	$ 17,295	$ 26,479

Minimum future rentals to be received under direct financing leases as of June 30, 1989 are as follows (amounts expressed in thousands):

	Enterprise Funds		
	Airports	Harbors	Total
Fiscal year ending June 30:			
1990	$ 2,495	$ 1,675	$ 4,170
1991	315	1,675	1,990
1992	345	1,675	2,020
1993	375	1,675	2,050
1994	405	1,675	2,080
Thereafter	8,955	48,017	56,972
	$ 12,890	$ 56,392	$ 69,282

7. Property, Plant and Equipment

Enterprise and University Funds

At June 30, 1989, property, plant and equipment consisted of the following (amounts expressed in thousands):

	Funds					
	Enterprise					
	Airports	Harbors	Housing	State Hospitals	Total	University
Land and land improvements	$ 358,312	$ 70,107	$ 30,905	$ 14,940	$ 474,264	$ 48,387
Buildings and improvements	321,312	110,976	171,228	85,714	689,230	378,318
Machinery and equipment	19,755	2,968	6,342	40,549	69,614	149,881
Library and other books	-	-	-	-	-	60,555
Livestock	-	-	-	-	-	319
	699,379	184,051	208,475	141,203	1,233,108	637,460
Less accumulated depreciation	(220,796)	(51,716)	(76,719)	(49,728)	(398,959)	-
	478,583	132,335	131,756	91,475	834,149	637,460
Construction in progress	267,223	75,141	-	2,268	344,632	3,354
	$ 745,806	$ 207,476	$ 131,756	$ 93,743	$ 1,178,781	$ 640,814

General Fixed Assets Account Group

Changes in general fixed assets during the fiscal year ended June 30, 1989 were as follows (amounts expressed in thousands):

	Land	Buildings And Improvements	Equipment	Construction In Progress	Total
Balance, July 1, 1988	$ 140,707	$ 1,052,850	$ 223,898	$ 42,059	$ 1,459,514
Additions	19,848	41,252	26,504	65,771	153,375
Deductions	-	1,889	5,879	41,252	49,020
Balance, June 30, 1989	$ 160,555	$ 1,092,213	$ 244,523	$ 66,578	$ 1,563,869

8. Notes, Loans and Installment Contracts Payable

Enterprise Funds - Housing

At June 30, 1989, the note payable consisted of an obligation to the U. S. Department of Agriculture, Farmers Home Administration amounting to $458,000. The note is payable in monthly installments of $2,207, including interest at 1%, through 2009 and is secured by property and rental receipts.

General Long-Term Obligations Account Group

At June 30, 1989, notes and installment contracts payable consisted of the following (amounts expressed in thousands):

Notes payable on behalf of the Department of Hawaiian Home Lands to the Housing Funds consisting of various notes maturing through 1994, at 7.5% interest	$ 1,862
Installment contract purchase note payable, at 8.88% interest, due in monthly payments of $75 through 1990	549
Installment contract purchase note payable, at 8.18% interest, due in monthly payments of $8 through 1990	73
Installment contract purchase note payable, at 6.49% interest, due in monthly payments of $83 through 1992	2,981
Installment contract purchase note payable, at 6.9% interest, due in monthly payments of $5 through 1992	155

Installment contract purchase note payable, at 6.49% interest, due in monthly payments of $9 through 1992	$ 224
Installment contract purchase note payable, at 6.9% interest, due in monthly payments of $5 through 1992	137
Installment contract purchase note payable, at 8.5% interest, due in monthly payments of $10 through 1992	296
Installment contract purchase note payable, at 6.49% interest, due in monthly payments of $9 through 1993	296
	$ 6,573

University Funds

At June 30, 1989, installment contracts payable arising from purchases of certain equipment amounted to $1,416,000 with interest ranging from 8% to 12% per annum.

Maturities of notes, loans and installment contracts payable are as follows (amounts expressed in thousands):

	Enterprise Funds - Housing	General Long-Term Obligations Account Group	University Funds
Fiscal year ending June 30:			
1990	$ 22	$ 2,408	$ 570
1991	22	1,803	536
1992	22	1,591	304
1993	23	621	6
1994	23	82	-
Thereafter	346	68	-
	$ 458	$ 6,573	$ 1,416

9. General Obligation Bonds Payable

The State issues general obligation bonds primarily to provide for the acquisition and construction of major capital facilities. Although certain general obligation debt is being retired from the resources of the Enterprise and University Funds and is recorded in these funds, all general obligation bonds are backed solely by the full faith and credit of the State.

All issues except Series BL, issued December 6, 1988, contain call provisions (call prices range from 103 to 100). Stated interest rates range from 3% to 12%. At June 30, 1989, the general obligation bonds consisted of the following (amounts expressed in thousands):

Callable		$ 1,913,038
Noncallable		65,001
Total general obligation bonds outstanding		1,978,039
Less amount recorded as a liability of:		
Enterprise Funds including $1,657 payable from restricted assets	$ 38,557	
University Funds	26,026	
		64,583
Amount recorded in the General Long-Term Obligations Account Group		$ 1,913,456

Proceeds of certain general obligation bonds have been contributed as capital to the Housing Funds. These bonds are recorded in the General Long-Term Obligations Account Group since principal repayments are funded through the General Fund. The Housing Funds reimbursed the General Fund approximately $2,765,000 for the interest portion of the debt service in fiscal 1989.

A summary of debt service requirements to maturity follows (amounts expressed in thousands):

	Principal	Interest
Fiscal year:		
1990	$ 144,209	$ 126,112
1991	151,254	116,613
1992	157,790	106,530
1993	155,779	98,467
1994	154,550	89,027
1995	148,471	79,612
1996	144,356	70,525
1997	129,139	61,920
1998	120,870	54,128
1999	99,431	47,256
2000	95,330	41,434

	Principal	Interest
2001	$ 87,065	$ 35,979
2002	87,140	30,993
2003	73,269	26,235
2004	73,355	22,549
2005	44,695	19,579
2006	40,615	17,823
2007	32,371	16,621
2008	23,600	16,145
2009	10,430	645
2010	1,645	235
2011	1,755	135
2012	920	28
	$ 1,978,039	$ 1,078,591

The State issued the following general obligation bonds in fiscal 1989 for the purpose of financing part of the costs of the construction, extension or improvement of various public projects, among which are public buildings and facilities, elementary and secondary schools, community college and university facilities, parks and other public purposes.

Date Of Issue	Series	Interest Rates	Maturity Date	Amount
December 6, 1988	BL	6.581% - 7.681%	December 1, 1993/2008	$ 65,000,954
December 6, 1988	BM	Variable -	December 1, 1993/1997	45,000,000
June 1, 1989	BN	7.00 % - 7.10 %	June 1, 1992/2009	160,000,000

The general obligation bonds, Series BM (Bonds), dated December 6, 1988, are unit priced demand adjustable bonds which were initially offered in the Unit Pricing Mode bearing interest at a rate determined by the Remarketing Agent. These bonds may be changed to a Variable Rate Mode, Term Rate Mode or a Fixed Rate Mode under certain circumstances as defined within the Bond's Official Statement. However, the debt service requirements, presented above, reflect the Maximum Rate to be paid of 12% per annum.

The Bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest upon presentation and surrender of any Bond at the principal corporate trust offices of Bankers Trust Company, New York, New York, as Paying Agent. In the event a Bond is not remarketed on the purchase date and provided certain events of default have not occured and are continuing, such Bond will be purchased by the Mitsubishi Bank, Limited (the Bank), pursuant to, and subject to the conditions of a Standby Bond Purchase Agreement dated December 1, 1988 between the State and the Bank. Any Bonds so purchased will be deemed owned by the Bank and will bear interest at the Bank Rate up to the maximum rate of interest permitted under the terms of the Bonds. The Bank's commitment to purchase the Bonds under the Standby Bond Purchase Agreement will terminate on the close of business on December 15, 1995, unless extended or earlier terminated.

In the prior fiscal years, the State extinguished certain outstanding general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust accounts and the refunded bonds are not included in the State's general purpose financial statements. At June 30, 1989, $479,010,000 of bonds outstanding are considered extinguished.

The State Constitution limits the amount of general obligation bonds which may be issued. As required by law, the State Director of Finance has confirmed that the State was within its legal debt limit on the aforementioned issues.

At June 30, 1989, general obligation bonds authorized but unissued consisted of the following (amounts expressed in thousands):

Purpose	Authorized But Unissued
General government	$ 10,010
Public safety	15,300
Highways	135,819
Conservation of natural resources	4,784
Health	19,570
Hospitals	1,721
Welfare	4,812
Education	80,844
Culture and recreation	35,702
Urban redevelopment and housing	10,842
Economic development and assistance	34,625
Airports	282
Water transport and terminals	99,643
Unallocated bond issue proceeds	(63,824)
	$ 390,130

Unallocated bond issue proceeds represent general obligation bond proceeds which have not been allocated to a specific purpose as of June 30, 1989.

10. Revenue Bonds and Liabilities Collateralized by HUD Annual Contributions

Enterprise Funds

Revenue bonds are backed by a pledge of resources derived from users of the related facilities and are not supported by the full faith and credit of the State. Certain Housing liabilities are collateralized solely by property and rental receipts and annual debt service contributions made by HUD.

At June 30, 1989, revenue bonds payable (net of unamortized bond discount) for Enterprise Funds consisted of the following (amounts expressed in thousands):

	Current (Payable From Restricted Assets)	Noncurrent	Total
Airports revenue bonds	$ 31,440	$ 421,723	$ 453,163
Airports special facility revenue bonds	2,495	6,555	9,050
Harbors capital improvement revenue bonds	3,515	90,324	93,839
Harbors special facility revenue bonds	-	16,750	16,750
Housing revenue bonds	10,721	402,729	413,450
	$ 48,171	$ 938,081	$ 986,252

During fiscal 1989, gains on early redemption of revenue bonds for Airports and Harbors were $62,000 and $43,000, respectively.

Airports Revenue Bonds

The Airports revenue bonds are payable solely from and collateralized by Airports revenue which includes all aviation fuel taxes levied. The Airports revenue bonds are subject to redemption at the option of the State Director of Transportation and the State during specific years at prices ranging from 103-1/2 to 100.

The following is a summary of the outstanding Airports revenue bonds at June 30, 1989 (amounts expressed in thousands):

	Final Maturity Date	Interest Rates	Original Amount Of Issue	Outstanding
Series:				
1969	1995	4.90 - 5.90%	$ 40,000	$ 15,270
1969, second	1995	6.00 - 7.00	45,000	19,010
1970	1996	6.60 - 7.10	20,000	9,510
1970, second	1996	7.25 - 8.25	25,000	12,400
1971	1997	6.25 - 7.25	30,000	15,070
1971, second	1997	5.30 - 6.30	20,000	9,830
1972	1998	5.25 - 6.25	25,000	13,340
1974	2000	8.25 - 9.25	20,000	14,260
1975	2001	6.10 - 7.50	20,000	14,720
1977	2004	5.25 - 6.75	20,000	15,315
1983, refunding	2008	4.75 - 8.88	97,050	89,340
1983	2013	8.25 - 9.75	50,000	49,140
1984	2004	9.00 - 10.38	65,000	64,135
1986	2004	6.25 - 7.70	35,000	35,000
1987	2004	6.25 - 8.25	85,000	82,185
			$ 597,050	458,525
Less unamortized bond discount				5,362
				453,163
Less current portion (payable from restricted assets), net of unamortized bond discount				31,440
				$ 421,723

The certificate providing for the issuance of revenue bonds provides for the levying and collection of minimum net revenues to service and provide reserves for maturing debt principal, interest, sinking fund and replacement and maintenance reserve requirements, and also provides for the maintenance of certain insurance coverages for fire, workers' compensation and public liability. At June 30, 1989, $67,593,000 was on credit in the revenue bond debt service sinking fund and reserve accounts.

Airports Special Facility Revenue Bonds

Airports entered into three special facility lease agreements, one with Pan American World Airways, Inc. in 1972, one with Western Airlines, Inc. (merged with Delta Airlines, Inc. in 1987) in 1975 and another with Northwest Airlines, Inc. in 1983. The construction of the related facilities was financed by special facility revenue bonds issued by Airports in the amounts of $6,800,000, $2,300,000 and $2,200,000, respectively. These bonds are payable solely from and collateralized by certain rentals and other monies derived from the special facilities.

The following is a summary of Airports special facility revenue bonds at June 30, 1989 (amounts expressed in thousands):

	$6,800 Issue	$2,300 Issue	$2,200 Issue	Total
Current portion (payable from restricted assets)	$ 235	$ 60	$ 2,200	$ 2,495
Noncurrent portion	4,800	1,755	-	6,555
	$ 5,035	$ 1,815	$ 2,200	$ 9,050

Other pertinent information on the aforementioned bonds is summarized hereunder:

$6,800,000 Issue

These bonds have a stated maturity date of April 1, 2002 and bear interest at 8% per annum. The bonds are subject to early redemption at the option of Airports, at prices ranging from 102-1/2 to 100 plus interest depending on the dates of redemption, or at 100 plus interest if the facilities are destroyed or damaged extensively.

$2,300,000 Issue

These bonds bear interest at rates ranging from 6.1% to 6.5% and are subject to early redemption at the option of Airports, at prices ranging from 102-1/2 to 100 depending on the dates of redemption, or at 100 plus interest if the facilities are destroyed or damaged extensively.

$2,200,000 Issue

These bonds have a stated maturity date of November 1, 2002. As of June 30, 1989, the fixed interest rate of the bonds was subject to determination by Airports at the direction of the lessee. The bonds currently bear interest at an annual rate of 60% of the prime interest rate charged by the Norwest Bank of Minnesota, N.A., the bond trustee, subject to a maximum rate of 20% per annum.

On August 11, 1989, all bonds outstanding were redeemed as allowed under the indenture agreement.

The special facility leases are accounted for and recorded as direct financing leases. The remaining lease payments to be paid by the lessees (including debt service requirements on the special facility revenue bonds) are recorded as a restricted asset and the special facility revenue bonds outstanding are recorded as a liability.

Harbors Capital Improvement Revenue Bonds

The Harbors capital improvement revenue bonds are collateralized by a charge and lien on the gross revenues of commercial harbors and upon all improvements and betterments thereto and all funds and securities created in whole or in part from revenues or from the proceeds of any bonds issued. The Harbors capital improvement revenue bonds are subject to redemption at the option of the State Director of Transportation and the State during specific years at prices ranging from 102-1/2 to 100.

The following is a summary of the outstanding Harbors capital improvement revenue bonds at June 30, 1989 (amounts expressed in thousands):

Year Of Issue	Final Maturity Date	Interest Rates	Original Amount Of Issue	Outstanding
1967	1997	5.200 %	$ 20,000	$ 12,170
1978	2008	5.500 - 6.700	20,000	17,240
1983	2008	4.750 - 8.875	23,385	21,505
1986	2011	6.000 - 7.500	22,500	22,500
1989	2013	6.600 - 8.600	21,200	21,200
			$ 107,085	94,615
Less unamortized bond discount				776
				93,839
Less current portion (payable from restricted assets), net of unamortized bond discount				3,515
				$ 90,324

The certificate providing for the issuance of revenue bonds provides for the levying and collection of minimum net revenues to service and provide reserves for maturing debt principal, interest, sinking fund and replacement and maintenance reserve requirements, and also provides for the maintenance of certain insurance coverages for fire, workers' compensation and public liability. At June 30, 1989, $14,161,000 was on credit in the revenue bond debt service sinking fund and reserve accounts.

Harbors Special Facility Revenue Bonds

In 1980, the State Legislature authorized the issuance of special facility revenue bonds for the construction, acquisition, remodeling, furnishing and equipping of State-owned special facilities for lease to parties engaged in maritime operations.

Pursuant to this authorization, $15,700,000 of 8-1/2% special facility revenue bond anticipation notes were issued in 1981 to finance the construction of container terminal facilities on Sand Island for the exclusive use of Matson Terminals, Inc. In 1983, special facility revenue bonds of $16,750,000 were issued to extinguish the revenue bond anticipation notes and to provide additional funds for construction. These bonds, which bear interest at 10% per annum, mature on March 1, 2013, subject to optional redemption on or after March 1, 1993 at prices ranging from 103 to 100. Payment of the principal and interest on the bonds has been guaranteed by Matson Navigation Company, Inc., parent company of the lessee.

Housing Revenue Bonds

The State Legislature has enacted various acts which authorized the issuance of up to $1,172,500,000, of revenue bonds. Through June 30, 1989, $714,950,000 of revenue bonds have been issued. The revenue bonds are payable solely from and collateralized by the revenues and other monies and assets of the Housing Funds (comprised principally of investments and mortgage loans receivable aggregating $451,965,000) which are pledged.under the indentures.

At June 30, 1989, such Housing serial and term revenue bonds payable were comprised of the following (amounts expressed in thousands):

	Year Of Issue	Final Maturity Date	Interest Rates	Original Amount Of Issue	Outstanding
Single family mortgage purchase revenue bonds:					
Series A	1980	2010	7.25 - 8.400%	$ 100,000	$ 54,010
Series B	1980	2010	7.25 - 9.000	50,000	27,690
Series A	1983	2013	6.75 - 9.500	50,000	32,440
Series B	1983	2014	7.50 - 10.250	30,000	18,900
Series C	1983	2013	7.75 - 10.250	61,000	35,855
Series A	1984	2016	7.70 - 10.500	100,000	11,115
Series A	1985	2017	7.40 - 9.250	30,000	16,815
Series A	1986	2016	5.60 - 8.000	40,300	39,860
Series B	1986	2016	4.75 - 7.375	52,900	52,415
Series A	1988	2019	7.00 - 8.125	70,000	70,000
Home mortgage purchase revenue bonds - Series A	1981	1998	11.10 - 13.000	20,000	3,655
Multi-family housing revenue bonds:					
Series A	1985	2010	Variable	32,000	32,000
1985 issue	1985	1996	10.350	3,800	3,745
Rental housing system revenue bonds - Series A	1987	2018	Variable	14,950	14,950
				$ 654,950	413,450
Less current portion (payable from restricted assets)					10,721
					$ 402,729

Housing Liabilities Collateralized by HUD Annual Contributions

At June 30, 1989, liabilities collateralized by HUD annual contributions consisted of the following (amounts expressed in thousands):

U. S. Government loans, bearing interest at the existing rates charged to HUD by the U. S. Treasury (6.625% to 10% at June 30, 1989) maturing during the fiscal year ending June 30, 1990	$ 44,751
Federal Financing Bank note, due in decreasing annual payments, maturing at various dates through 2016 and bearing interest at 6.6%	12,366
Housing bonds payable	28,741
	85,858
Less current portion	46,509
	$ 39,349

Project costs are refinanced periodically to provide long-term financing on the low-rent programs. Property, rental receipts and HUD annual contributions are pledged as collateral.

On August 17, 1988, pursuant to certain provisions of the "Consolidated Omnibus Budget Reconciliation Act of 1985," HUD issued a policy statement stating that U. S. Government loans meeting certain criteria would be forgiven. During the fiscal year ended June 30, 1989, HUD forgave approximately $30,750,000 of Housing debt. This amount, along with HUD's annual contributions for debt service, is reflected as an addition to contributed capital.

As of June 30, 1989, approximately $44,751,000 of outstanding U. S. Government loans meet the criteria to be forgiven by HUD. Housing expects that this debt will be forgiven during the fiscal year ending June 30, 1990 and continues to recognize the outstanding principal balance due on U. S. Government loans until such time that the debt is actually forgiven.

Housing issued housing bonds pursuant to Chapter 356 of the Hawaii Revised Statutes to provide permanent financing for low-income housing projects. The first five issues are callable after 10 years and the remaining issues are callable after 15 years from the date of issue. The housing bonds require annual level debt service payments. HUD's annual contributions for debt service and the excess of project revenues over project expenses are pledged as collateral.

Housing bonds payable at June 30, 1989 were comprised of the following (amounts expressed in thousands):

	Year Of Issue	Final Maturity Date	Interest Rate	Original Amount Of Issue	Outstanding
Housing bonds - Chapter 356:					
1st issue	1950	1991	2.125%	$ 6,050	$ 614
2nd issue	1953	1991	2.375	5,775	631
3rd issue	1955	1996	2.375	1,345	380
4th issue	1957	1998	3.000	1,195	431
5th issue	1958	1998	3.500	2,085	799
6th issue	1959	1998	3.500	2,025	796
7th issue	1961	2002	3.125	525	260
8th issue	1964	2005	3.375	8,235	4,775
9th issue	1964	2005	3.625	1,600	955
10th issue	1965	2006	3.625	3,355	2,115
11th issue	1966	2007	3.625	1,805	1,165
12th issue	1966	2007	4.500	3,605	2,420
13th issue	1968	2009	5.125	2,855	2,150
14th issue	1970	2009	5.750	14,595	11,250
					$ 28,741

Maturities and sinking fund requirements of Enterprise Funds revenue bonds and liabilities collateralized by HUD annual contributions are as follows (amounts expressed in thousands):

	Revenue Bonds				Liabilities Collateralized By HUD Annual Contributions
	Airports	Harbors	Housing	Total	
Fiscal year ending June 30:					
1990	$ 33,935	$ 3,515	$ 10,721	$ 48,171	$ 46,509
1991	20,095	2,735	5,018	27,848	1,833
1992	21,465	2,905	5,561	29,931	1,812
1993	22,935	3,080	5,775	31,790	1,523
1994	24,515	3,275	6,029	33,819	1,606
Thereafter	344,630	95,855	380,346	820,831	32,575
	467,575	111,365	413,450	992,390	85,858
Less unamortized bond discount	(5,362)	(776)	-	(6,138)	-
	$ 462,213	$ 110,589	$ 413,450	$ 986,252	$ 85,858

University Funds

University revenue bonds are collateralized by current fund revenues and are not supported by the full faith and credit of the State.

At June 30, 1989, revenue bonds were comprised of the following (amounts expressed in thousands):

	Series	Interest Rates	Outstanding
Student housing system at Manoa	B, C, D	3.00 - 3.50%	$ 2,313
Faculty housing program	A	2.88	261
Onizuka Center for International Astronomy	E	9.40	2,695
Mauna Kea Observatory Complex power line	F	7.45	1,413
			$ 6,682

At June 30, 1989, principal maturities for the revenue bonds payable are as follows (amounts expressed in thousands):

Fiscal year ending June 30:	
1990	$ 694
1991	733
1992	970
1993	372
1994	400
Thereafter	3,513
	$ 6,682

The Onizuka Center for International Astronomy revenue bonds are further secured by separate agreements between the University of Hawaii and two major users of the facility. The agreements provide that these two participants shall pay the University of Hawaii their proportionate share of the principal and interest payments due on the bond indebtedness along with any other cost associated with the bond. The agreements further provide that the participants shall continue to pay their share of the scheduled payments, or pay in full the outstanding balance of their proportionate share of the indebtedness in the event the participants discontinue their involvement with the facility prior to the liquidation of the bond indebtedness.

In April 1986, one of the participants paid in full the outstanding balance (approximately $1,442,000) of their proportionate share of the Series E revenue bond indebtedness. This amount is held in trust to provide for the future retirement of the participant's proportionate share of the Series E revenue bonds outstanding as it becomes due. The Series F revenue bond proceeds were used to partially fund a power line to the Onizuka Center. The indebtedness is expected to be repaid by rebates from Hawaii Electric Light Co., Inc. which will own and operate the power line and by contributions from users of the Onizuka Center. All of the bond obligations of the University Funds have provisions for early redemption at the option of the University of Hawaii Board of Regents. The premiums on bond redemption, as a percentage of the bond principal amount redeemed, range from 0.5% to 2.5%.

Revenue Bonds Authorized But Unissued

At June 30, 1989, revenue bonds authorized but unissued consisted of the following (amounts expressed in thousands):

Purpose	Authorized But Unissued
General government	$ 90
Welfare	75,000
Higher education	(10)
Urban redevelopment and housing	814,058
Economic development and assistance	45,000
Airports	214,448
Water transport and terminals	4,935
	$ 1,153,521

Special Purpose Revenue Bonds

Hawaii Revised Statutes Section 39A authorizes the State (with legislative approval) to issue special purpose revenue bonds. Proceeds from these bonds are loaned to certain enterprises for projects deemed to be in the public interest. The bonds are not general obligations of the State and are payable solely from monies received by the State under project agreements with the recipients of the bond proceeds. Accordingly, the State has not included these bonds in its general purpose financial statements. Bonds outstanding at June 30, 1989 amounted to $526,945,000. Additionally, at June 30, 1989, special purpose revenue bonds of $294,405,000 were authorized but unissued.

Improvement District Bonds

The Hawaii Community Development Authority is authorized to issue improvement district bonds under Hawaii Revised Statutes Section 206E. Proceeds from the bond issue are utilized to finance the redevelopment of districts designated by the State Legislature. The bonds are not general obligations of the State and are payable solely by the assessment liens on the real property of the designated district. Accordingly, the State has not included these bonds in its general purpose financial statements. Bonds outstanding as of June 30, 1989 amounted to $8,615,000.

11. Fund Balances

Governmental Fund Types and Expendable Trust Funds

Changes in the State's fund balances during the fiscal year ended June 30, 1989 are as follows (amounts expressed in thousands):

	Governmental Fund Types				Expendable Trust Funds
	General	Special Revenue	Debt Service	Capital Projects	
Fund balances (deficit), July 1, 1988:					
Reserved	$ 125,647	$ 114,350	$ 248,071	$ 295,745	$ 285,937
Unreserved:					
Designated for future expenditures	139,313	33,411	-	-	-
Undesignated	470,560	118,082	-	(142,004)	-
	735,520	265,843	248,071	153,741	285,937
Residual equity transfer out to Enterprise Funds	(120,000)	-	-	-	-
Changes in reserved fund balances:					
Increase (decrease) in reserve for continuing appropriations	143,714	(992)	132	(16,524)	-
Increase (decrease) in reserve for receivables and advances	(2,403)	1,695	-	-	-
Increase in reserve for investments	-	395	-	-	-
Decrease in reserve for bond redemption	-	-	(177,373)	-	-
Decrease in reserve for loans to Enterprise Funds and University Funds	-	-	(70,575)	-	-
Increase in reserve for Federal aid highway projects encumbrances	-	-	-	105,730	-
Increase in reserve for unemployment compensation and others	-	-	-	-	33,706
	141,311	1,098	(247,816)	89,206	33,706
Change in unreserved-designated for future expenditures - decrease in unreserved-designated for future expenditures	(34,193)	(4,305)	-	-	-
Change in unreserved-undesignated fund balance - increase (decrease) in unreserved-undesignated fund balances	278,628	51,784	-	(1,300)	-
Fund balances (deficit), June 30, 1989:					
Reserved	266,958	115,448	255	384,951	319,643
Unreserved:					
Designated for future expenditures	105,120	29,106	-	-	-
Undesignated	629,188	169,866	-	(143,304)*	-
	$ 1,001,266	$ 314,420	$ 255	$ 241,647	$ 319,643

*The deficit balance of $143,304 is shown net of unreserved fund balances - designated for future expenditures totaling $343,168 at June 30, 1989. The deficit balance resulted from allotted appropriations in excess of general obligation bonds issued.

At June 30, 1989, the Expendable Trust Funds fund balance reserved for unemployment compensation and others consisted of the following (amounts expressed in thousands):

Unemployment compensation	$ 301,602
Others	18,041
	$ 319,643

At June 30, 1989, the deficit balance of $5,183,000 in the Health Fund included within the Special Revenue Funds resulted from encumbrances under federally funded programs in excess of cash and short-term cash investments. The funds will become available to recover the deficit through the 1989 Federal allotments; however, due to funding restrictions by the Federal Government, the Department of Health will not draw down on the Federal monies until the liability is incurred.

12. Changes in General Long-Term Obligations Account Group

Changes in the General Long-Term Obligations Account Group are as follows (amounts expressed in thousands):

	General Obligation Bonds Payable	Notes And Installment Contracts Payable	Capital Lease Obligation	Accrued Vacation Payable	Claims And Judgments Payable	Total
Balance, July 1, 1988	$ 1,777,408	$ 10,640	$ 4,180	$ 70,808	$ 1,600	$ 1,864,636
Bonds issued	270,001	-	-	-	-	270,001
Additions to installment contracts payable	-	1,026	-	-	-	1,026
Net increase in accrued vacation payable	-	-	-	8,993	-	8,993
Net increase in claims and judgments payable	-	-	-	-	1,800	1,800
Bonds retired	(133,953)	-	-	-	-	(133,953)
Retirement of notes payable	-	(3,458)	-	-	-	(3,458)
Retirement of installment contracts payable	-	(1,635)	-	-	-	(1,635)
Retirement of capital lease obligation	-	-	(858)	-	-	(858)
Balance, June 30, 1989	$ 1,913,456	$ 6,573	$ 3,322	$ 79,801	$ 3,400	$ 2,006,552

13. Segment Information - Enterprise Funds

The State has four Enterprise Fund segments which account for the operations of Airports, Harbors, Housing and State Hospitals. Segment information as of and for the fiscal year ended June 30, 1989 is as follows (amounts expressed in thousands):

	Airports	Harbors	Housing	State Hospitals	Total
Operating revenues	$ 245,537	$ 31,002	$ 76,572	$ 93,325	$ 446,436
Operating expenses:					
Depreciation	20,682	3,493	6,779	6,421	37,375
Other	74,902	14,634	71,810	110,275	271,621
	95,584	18,127	78,589	116,696	308,996
Operating income (loss)	149,953	12,875	(2,017)	(23,371)	137,440
Interest income	26,749	5,608	-	-	32,357
Interest expense	(24,608)	(7,794)	-	-	(32,402)
HUD annual contributions	-	-	6,475	-	6,475
Other nonoperating revenue (expense)	62	410	9	(2,284)	(1,803)
Operating transfers in	-	-	-	4,290	4,290
Income (loss) before extraordinary item	152,156	11,099	4,467	(21,365)	146,357
Extraordinary item - loss from early redemption of revenue bonds payable	-	-	(608)	-	(608)
Net income (loss)	$ 152,156	$ 11,099	$ 3,859	$ (21,365)	$ 145,749
Capital contributions, net of depreciation charge	$ 9,591	$ 7,927	$ 166,528	$ -	$ 184,046
Total assets	1,190,207	314,319	871,306	145,038	2,520,870
Total liabilities	577,277	131,477	545,570	75,588	1,329,912
Fund equity	$ 612,930	$ 182,842	$ 325,736	$ 69,450	$ 1,190,958
Additions to property, plant and equipment	$ 119,416	$ 16,680	$ 15,691	$ 4,987	$ 156,774
Proceeds from sale of bonds	$ -	$ 21,200	$ 70,000	$ -	$ 91,200

14. Contributed Capital - Enterprise Funds

During the fiscal year ended June 30, 1989, contributed capital increased as follows (amounts expressed in thousands):

	Airports	Harbors	Housing	Total
Contributed capital, July 1, 1988	$ 142,153	$ 73,366	$ 153,385	$ 368,904
Federal and State grants	13,570	-	43	13,613
Residual equity transfer in from General Fund	-	-	120,000	120,000
Transfer in from General Fund	-	3	11,803	11,806
Transfer in from Capital Projects Fund	25	8,049	5,935	14,009
HUD contributions	-	-	32,591	32,591
Transfer of depreciation from retained earnings	(4,004)	(125)	(6,469)	(10,598)
Residual equity transfer from retained earnings	-	-	2,625	2,625
Contributed capital, June 30, 1989	$ 151,744	$ 81,293	$ 319,913	$ 552,950

15. Interfund Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 1989 (amounts expressed in thousands):

	Due From	Due To	Advances To	Advances From
General Fund:				
Debt Service Fund	$ -	$ 255	$ -	$ -
Enterprise Funds:				
Airports	25	-	-	-
Harbors	14	-	-	-
Housing	-	491	-	-
State Hospitals	-	-	13,443	-
Total Enterprise Funds	39	491	13,443	-
University Funds - Current Funds - Unrestricted	-	28,980	-	-
	39	29,726	13,443	-
Special Revenue Funds:				
Trust and Agency Funds - tax collections	50	-	-	-
Debt Service Fund:				
General Fund	255	-	-	-
Capital Projects Fund:				
Enterprise Funds:				
Harbors	852	-	-	-
Housing	-	1,685	-	-
Total Enterprise Funds	852	1,685	-	-
Enterprise Funds:				
General Fund	491	39	-	13,443
Capital Projects Fund	1,685	852	-	-
	2,176	891	-	13,443
Trust and Agency Funds:				
Special Revenue Funds - Highways	-	50	-	-
University Funds:				
General Fund	28,980	-	-	-
Internal University Funds	814	814	-	-
	29,794	814	-	-
	33,166	33,166	13,443	13,443
Less amounts reflected as payable from restricted assets	-	25	-	-
	$ 33,166	$ 33,141	$ 13,443	$ 13,443

16. Operating Transfers

Operating transfers between funds occur when a fund receiving revenues transfers resources to a fund where the resources are to be expended. The transfers only occur after being legally authorized by the State Legislature. For the fiscal year ended June 30, 1989, the operating transfers by fund are as follows (amounts expressed in thousands):

	Transfers In	Transfers Out
General Fund:		
Special Revenue Funds:		
Natural Resources	$ -	$ 5,121
Health	-	246
Human Services	-	493
Economic Development	-	1,498
Employment	-	(53)
Administrative Support	-	4,367
All Other	-	15
Total Special Revenue Funds	-	11,687
Debt Service Fund	-	223,833
Enterprise Funds:		
Harbors	-	3
Housing	-	11,803
State Hospitals	-	4,058
Total Enterprise Funds	-	15,864
University Funds:		
Current Funds - Unrestricted	-	275,584
Current Funds - Restricted	-	114
Plant Funds - Unexpended	-	2,000
Total University Funds	-	277,698
	-	529,082
Special Revenue Funds:		
General Fund	11,687	-
Debt Service Fund	-	24,164
Capital Projects Fund	396	55,789
	12,083	79,953
Debt Service Fund:		
General Fund	223,833	-
Special Revenue Funds:		
Highways	22,938	-
Natural Resources	276	-
Economic Development	41	-
Administrative Support	909	-
Total Special Revenue Funds	24,164	-
	247,997	-
Capital Projects Fund:		
Special Revenue Funds:		
Highways	55,789	-
Economic Development	-	396
Total Special Revenue Funds	55,789	396
Enterprise Funds:		
Airports	-	25
Harbors	-	8,049
Housing	-	5,935
State Hospitals	-	232
Total Enterprise Funds	-	14,241
University Funds - Plant Funds - Unexpended	-	2,427
	55,789	17,064
Enterprise Funds:		
General Fund	15,864	-
Capital Projects Fund	14,241	-
	30,105	-
University Funds:		
General Fund	277,698	-
Capital Projects Fund	2,427	-
	280,125	-
	$ 626,099	$ 626,099

17. Lease Commitments

Governmental Fund Types and Expendable Trust and Agency Funds

The State leases office facilities and equipment under various operating leases expiring through 1999 and equipment under a capital lease expiring in 1992. The capital lease obligation is reported in the General Long-Term Obligations Account Group and the related asset is reported in the General Fixed Assets Account Group at the present value of future minimum lease payments. Future minimum lease commitments for noncancelable operating leases and capital lease as of June 30, 1989 are as follows (amounts expressed in thousands):

	Operating Leases	Capital Lease
Fiscal year ending June 30:		
1990	$ 11,665	$ 1,086
1991	7,098	1,086
1992	4,404	1,086
1993	3,676	421
1994	2,209	-
Thereafter	5,086	-
Total future minimum lease payments	$ 34,138	3,679
Amounts representing interest		357
Present value of future minimum lease payments		$ 3,322

Rent expenditures for the fiscal year ended June 30, 1989 amounted to $16,777,000.

Proprietary Fund Type - Enterprise Funds

Airport-Airline Lease Agreement

Airports has entered into an airport-airline lease agreement with 25 major airline carriers which expires on July 31, 1992. The lease agreement provides to the lessees the nonexclusive right to use the State's airport system facilities, equipment, improvements and services, in addition to occupying certain premises and facilities. In return, the lessees agreed to pay an airport use charge based on a computed rate per 1,000-pound units of approved maximum landing weight for each aircraft used in revenue landings. The current rate is calculated by dividing the excess of estimated airport expenses over estimated airport revenues by the estimated approved maximum landing weight for all the airlines under the agreement for the fiscal year. The interisland airport use charge was set at 27% of the use charge for overseas flights during fiscal 1989. For the fiscal year ended June 30, 1989, actual airport expenses exceeded airport revenues, as defined by the airport-airline lease agreement, resulting in a minimum use charge provision of $6,026,000.

The agreement established a prepaid airport use charge fund which consists of any excess payments of the airport use charge over the amount required (excess of expenses over revenues) for the immediately preceding fiscal year. Normally, the amount in this account is used in the computation of the use charge for the first six months of the next fiscal year. Should the amount in this account exceed 10% of the total airport use charge for the fiscal year, the airlines may advise disposition for use of such excess towards capital improvement projects, retirement of outstanding bond indebtedness, the major maintenance fund, an additional prepaid airport use charge fund or other purposes. No excess airport use charge payments were made for the fiscal year ended June 30, 1989.

Other Operating Leases

Airports leases building spaces and improvements to concessionaires, airline carriers and other airport users. The terms of these leases range from 5 to 15 years for concessionaires, 10 to 20 years for airline carriers and 5 to 55 years for other airport users. Concessionaire lease rentals are generally based on the greater of a percentage of sales or a basic minimum rent. Percentage rent included in concession fee income for the fiscal year ended June 30, 1989 was approximately $63,366,000.

Harbors leases land, wharf and building spaces under month-to-month revocable permits and long-term leases. The long-term leases expire during various years through 2054. These leases generally call for rental increases every ten years based on independent appraisals of the fair market value of the leased property.

Housing leases land to developers and home buyers. The leases are generally for 55 years with the last 25 years lease rent negotiated based on the fair market value of the land.

The following schedule presents the approximate future minimum lease rentals under noncancelable operating leases of the Enterprise Funds as of June 30, 1989 (amounts expressed in thousands):

	Airports	Harbors	Housing	Total
Fiscal year ending June 30:				
1990	$ 229,600	$ 3,900	$ 377	$ 233,877
1991	260,200	3,300	378	263,878
1992	291,200	2,800	378	294,378
1993	288,100	2,800	378	291,278
1994	4,500	2,700	380	7,580
Thereafter	52,400	41,900	19,165	113,465
	$ 1,126,000	$ 57,400	$ 21,056	$ 1,204,456

18. Retirement Benefits

Employees' Retirement System

All eligible employees of the State and counties are required by Chapter 88 of the Hawaii Revised Statutes to become members of the ERS, a cost sharing multiple-employer public employee retirement plan. The ERS provides retirement benefits as well as death and disability benefits. Prior to June 30, 1984, the plan was only a contributory plan.

In 1984, legislation was enacted to create a new noncontributory plan for members of the ERS who are also covered under Social Security. Police officers, firefighters, judges, elected officials and persons employed in positions not covered by Social Security are excluded from the noncontributory plan. The noncontributory plan provides for reduced benefits and covers most eligible employees hired after June 30, 1984. Employees hired before that date were given the option of remaining in the contributory plan or joining the new noncontributory plan and receiving a refund of employee contributions. All benefits vest after five and ten years of credited service for the contributory and non-contributory plans, respectively.

The ERS consists of a Pension Accumulation Fund which provides basic pension benefits and a Post Retirement Fund which provides annual increases to individuals receiving pensions. Employer contributions to both funds are comprised of normal cost plus level annual payments required to liquidate the unfunded accrued liability of both funds. The ERS uses the frozen initial liability method and the entry age normal cost method for the Pension Accumulation Fund and Post Retirement Fund, respectively, to calculate the unfunded accrued liability for each fund. Effective July 1, 1988, Act 41 of the 1988 Legislative Session merged the Post Retirement Fund with other funds of the ERS.

Pension Benefit Obligation

The "pension benefit obligation" which follows is the actuarial present value of credited projected benefits. It is the standardized disclosure measure, prepared in accordance with GASB Statement No. 5, of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The pension benefit obligation is independent of the actuarial funding method used to determine contributions to the ERS. The basic purpose of the June 30, 1988 actuarial valuation was to determine the total employer contributions to the Pension Accumulation and Post Retirement Funds, in accordance with the provisions of Chapter 88 of the Hawaii Revised Statutes.

The pension benefit obligation was determined as of June 30, 1988. The actuary employed by the ERS calculates credited projected benefits which include the following:

- Future monthly payments to pensioners who are receiving benefit payments on the valuation date and to beneficiaries, including any optional survivors' benefits.

- The potential future monthly service retirement benefits payable to inactive vested members based on their service credit and salary earned up to the date of termination.
- The portion of potential future monthly retirement and disability benefits payable to active members attributable to their service credit as of the valuation date and salary as projected to the benefit payment date plus the pro rata portion of certain death benefits.

The actuarial present value of credited projected benefits is the amount determined by the ERS' actuary by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest between the valuation date and the expected dates of payment) and the probability of benefit payments (by means of multiple-decrement probability tables for death, disability, retirement and withdrawal). The pension benefit obligation was determined based on an actuarial valuation at June 30, 1988. Significant actuarial assumptions used include: (a) a rate of return on investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 6-1/2% of which 5% is attributable to inflation and 1-1/2% is attributable to merit, (c) annual post retirement cost of living increases of 2-1/2%, and (d) assumed rates of retirement, turnover, disability and mortality were based upon the system's experience.

As of June 30, 1988, the pension benefit obligation and net assets available for benefits were as follows (amounts expressed in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and inactive members not yet receiving benefits	$ 1,669,514
Current employees:	
Accumulated employee contributions including allocated investment income	737,443
Employer-financed:	
Vested	1,270,739
Non-vested	683,355
Total pension benefit obligation	4,361,051
Net assets available for benefits	3,414,406
Pension benefit obligation in excess of net assets available for benefits	$ 946,645

The following table presents covered and total payroll for all employees, employer and employee contributions (amounts expressed in thousands) as well as the percentage of covered payroll each contribution represents. The contribution requirements reported below were actuarially determined.

Payroll:	
Covered	$ 893,505
Total	912,542
Employer contribution requirement:	
Determined	$ 21,137
Percentage of current year covered payroll	1.5%
Percentage of total contribution to contributions for all employers	72.2%
Contribution payments:	
Employer	$ 75,049
Employees	33,109
Percentage of current year covered payroll:	
Employer	5.5%
Employees	2.4%

Net Plan Assets

The ERS' net assets available for benefits of $3,414,406,000 include investments of $3,365,770,000. Investments are reported at original cost or amortized cost. Substantially all cash is invested in short-term investments.

All cash and short-term investments are insured by Federal depository insurance or collateralized by securities held by the ERS' agent in the State's name. The following table summarizes the investments held at June 30, 1988 (amounts expressed in thousands):

	Cost	Market
Cash and short-term cash investments	$ 568,336	$ 568,336
Real estate mortages	375,989	375,989
Insurance contracts	207,108	207,108
U. S. Government securities and corporate bonds	807,969	799,115
Corporate stocks	1,406,368	1,587,463
	$ 3,365,770	$ 3,538,011

Historical Trend Information

Ten-year historical trend information designed to provide information about the progress made by ERS in accumulating sufficient assets to pay benefits when due is presented in the separately issued Employees' Retirement System - State of Hawaii report for the fiscal year ended June 30, 1988.

Postretirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State provides certain health care and life insurance benefits to retired State employees. Contributions are based upon negotiated collective bargaining agreements. State contributions for post retirement benefits which are funded as accrued aggregated $23,932,000 in fiscal 1989.

19. Commitments and Contingencies

Commitments to Repay General Obligation Bonds

The State has issued general obligation bonds in which repayments, including interest, are reimbursed from specific revenue sources of the Special Revenue Funds with terms corresponding to that of the related general obligation bonds. At June 30, 1989 outstanding commitments to repay general obligation bonds consisted of the following (amounts expressed in thousands):

Special Revenue Funds:	
Highways	$ 155,049
Natural Resources	6,824
Economic Development	476
Administrative Support	9,069
Others	7,957
	$ 179,375

Accumulated Sick Leave

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit, may be taken only in the event of illness and is not convertible to pay upon termination of employment. However, a State employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the ERS. At June 30, 1989, accumulated sick leave approximated $573,267,000.

Deferred Compensation Plan

In 1983, the State established a deferred compensation plan which enables State employees to defer a portion of their compensation. Deferred compensation payable at June 30, 1989 amounted to $109,804,000.

Intergovernmental Expenditures

Under Hawaii Revised Statutes Section 248-6, the State must provide at least $31,448,000 annually in grants-in-aid to the counties.

Loan Commitments and Guarantee

Housing has outstanding commitments to purchase loans from participating lenders of approximately $72,740,000 at June 30, 1989.

Housing also has an agreement to guarantee up to $40,000,000 of mortgage loans with ERS. Housing has guaranteed that upon the 120th day of any delinquency or default, it will either cure the arrearage of principal and interest or repurchase the delinquent loan. At June 30, 1989, approximately $18,750,000 in mortgage loans sold to the ERS are covered by the mortgage loan guarantee.

Construction and Service Contracts

At June 30, 1989, the Enterprise Funds had commitments of approximately $184,828,000 for construction and service contracts.

Insurance Coverage

The State maintains certain insurance coverages to satisfy bond indenture agreements as well as for other purposes, but is substantially self-insured for all other perils including workers' compensation. Expenditures for workers' compensation are appropriated annually.

Tax Refund

The State Constitution, as amended in 1978, provides that, beginning July 1, 1978, whenever the General Fund balance at the close of each two successive fiscal years exceeds 5% of General Fund revenues for each of the two fiscal years, the State Legislature, in the next regular session, must provide for a tax refund or tax credit to the taxpayers of the State. On June 14, 1989, Act 323 was enacted, providing for a general income tax credit of $125 for each qualified exemption to be deducted from income tax liability for the taxable year 1989. It is estimated that this tax credit will reduce income tax revenues by $112,500,000 for the fiscal year ending June 30, 1990.

Litigation

The State has been named as defendant in numerous lawsuits and claims arising in the normal course of operations. To the extent that the outcome of such litigation has been determined to result in probable financial loss to the State, such loss has been accrued in the general purpose financial statements. Of the remaining claims which aggregate approximately $537,000,000, a number of claims may possibly result in adverse judgments against the State. However, such claim amounts cannot be reasonably estimated. The litigation payments relating to the fiscal years ended June 30, 1989, 1988 and 1987 approximated $3,510,000, $7,690,000 and $8,867,000, respectively.

In the opinion of the State Attorney General, the outcome of all contingencies and litigation will not have a material adverse effect on the financial position of the State.

20. Extraordinary Item

Housing Funds

During the fiscal year ended June 30, 1989, Housing redeemed revenue bonds totaling $30,550,000. The related unamortized bond issue costs of $608,000 was written off when the early redemption was approved and is reflected as an extraordinary item in Housing. Housing has approved the early redemption of bonds totaling $5,370,000 as of July 1, 1989.

21. Subsequent Events

General Obligation Bond Issues

Subsequent to June 30, 1989, the State issued callable general obligation refunding bonds, Series BO and BP dated August 1, 1989, amounting to $74,730,000 and $47,355,000, respectively, with interest rates of 6.10% - 6.60% and 5.75% - 6.60%, respectively. Series BO and BP mature serially beginning August 1, 1994 to August 1, 2002 and August 1, 1993 to August 1, 2009, respectively. Series BO and BP were issued for the purpose of refunding $64,280,000 principal amount of outstanding general obligation refunding bonds, Series BA, and general obligation bonds, Series BM, amounting to $64,280,000 and $45,000,000, respectively.

The State also issued general obligation bonds, Series BQ, dated November 28, 1989, amounting to $80,005,160. This issue is comprised of $48,895,000 of current interest bonds and $31,110,160 of compound interest (college saver) bonds. The current interest bonds are callable with interest rates of 6.20% - 8.25% maturing serially through 2004. The compound interest (college saver) bonds are noncallable with interest rates of 6.50% - 7.15% maturing serially through 2009. These bonds were issued for the purpose of financing various public projects among which are public buildings, schools, university facilities and parks.

Revenue Bond Issues

Subsequent to June 30, 1989, the following revenue bonds were issued by the Enterprise Funds:

> Airports issued $105,000,000 of Airports System revenue bonds, Series 1989, dated November 1, 1989, with interest rates ranging from 6.100% to 7.125%. The bonds were issued to finance the construction of certain Airports facilities, and mature July 1991 through July 2009.

Housing issued $120,145,000 of Single-Family Mortgage Purchase serial and term revenue bonds, 1989 Series A, dated October 1, 1989, with interest rates ranging from 6.65% to 7.80%. The bonds were issued for the purpose of further financing the costs of its program of purchasing mortgage loans on single-family residential housing in the State, and mature July 1994 through July 2029.

Housing also issued $16,500,000 of Rental Housing System revenue bonds, 1989 Series A, dated upon delivery, with variable interest rates. The bonds were issued for the purpose of providing financing for the State's development of the Honokowai Multifamily Rental Housing Project, and mature July 2024.

GENERAL FUND

The General Fund is the general operating fund of the State. It is used to account for all financial resources except those required to be accounted for in another fund. Expenditures include those for general government, public safety, conservation of natural resources, health, welfare, education, and culture and recreation.

STATE OF HAWAII

Exhibit B-1

General Fund Balance Sheet

June 30, 1989

(Amounts in thousands)

ASSETS		
Cash and short-term cash investments		$ 726,084
Receivables:		
Taxes	$ 31,063	
Notes	1,630	
Other	124	
Total receivables		32,817
Due from Enterprise Funds		39
Investments		280,964
Advances to Enterprise Funds		13,443
Temporary loans to Capital Projects Fund		30,000
Total Assets		$ 1,083,347
LIABILITIES AND FUND EQUITY		
Liabilities:		
Vouchers payable		21,292
Due to other funds:		
Debt Service Fund	255	
Enterprise Funds	491	
University Funds	28,980	
Total due to other funds		29,726
Deferred revenue		31,063
Total Liabilities		82,081
Fund Equity:		
Reserved for continuing appropriations:		
Unencumbered allotments	57,152	
Unliquidated encumbrances	194,609	
	251,761	
Reserved for receivables and advances	15,197	
Unreserved fund balance:		
Designated for future expenditures	105,120	
Undesignated	629,188	
Total Fund Equity		1,001,266
Total Liabilities and Fund Equity		$ 1,083,347

STATE OF HAWAII

Exhibit B-2

General Fund
Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balance

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Revenues:		
Taxes:		
General excise tax	$ 1,010,875	
General excise licenses	456	
Net income tax:		
Corporations	72,339	
Individuals	767,232	
Inheritance and estate tax	6,675	
Liquor permits and tax	38,609	
Public service company tax	64,846	
Public service company fees	2,410	
Tobacco tax	24,413	
Tax on premiums of insurance companies	33,764	
Franchise tax (banks and other financial institutions)	15,761	
Transient accommodations tax	75,973	
Other taxes, primarily conveyances tax	5,215	
Total taxes		$ 2,118,568
Non-taxes:		
Interest and investment income	93,795	
Charges for current services	79,298	
Intergovernmental	11,524	
Rentals	4,460	
Fines, forfeitures and penalties	13,695	
Licenses and fees	2,950	
Revenues from private sources	3,633	
Other	12,530	
Total non-taxes		221,885
Total Revenues		2,340,453
Other Financing Sources -		
proceeds from installment contracts payable		1,026
Total Revenues and Other Financing Sources		$ 2,341,479

STATE OF HAWAII

General Fund Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balance (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Expenditures:		
General government	$ 224,221	
Public safety	92,530	
Highways	128	
Conservation of natural resources	23,997	
Health	122,980	
Welfare	227,945	
Lower education	497,589	
Other education	10,185	
Culture and recreation	41,710	
Urban redevelopment and housing	1,803	
Economic development and assistance	61,558	
Social security and pension contributions	70,868	
Other	6,385	
Intergovernmental	42,348	
Total Expenditures		$ 1,424,247
Other Financing Uses - operating transfers out to:		
Special Revenue Funds	11,687	
Debt Service Fund	223,833	
Enterprise Funds	15,864	
University Funds	277,698	
Total Other Financing Uses		529,082
Total Expenditures and Other Financing Uses		1,953,329
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses		388,150
Other Changes in Unreserved-Undesignated Fund Balance:		
Add:		
Continuing appropriations, July 1, 1988	108,047	
Unreserved-designated for future expenditures, July 1, 1988	139,312	
Deduct:		
Continuing appropriations, June 30, 1989	251,761	
Unreserved-designated for future expenditures, June 30, 1989	105,120	
Total Other Changes in Unreserved-Undesignated Fund Balance		(109,522)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses and Other Changes in Unreserved-Undesignated Fund Balance		278,628
Unreserved-Undesignated Fund Balance, July 1, 1988		470,560
Residual equity transfer out to Enterprise Funds		(120,000)
Unreserved-Undesignated Fund Balance, June 30, 1989		$ 629,188

STATE OF HAWAII

Schedule B-3

General Fund
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Revenues:			
Taxes:			
General excise tax	$ 969,603	$ 1,010,875	$ 41,272
General excise licenses	375	456	81
Net income tax:			
Corporations	51,042	72,339	21,297
Individuals	578,639	767,232	188,593
Inheritance and estate tax	6,760	6,675	(85)
Liquor permits and tax	37,451	38,609	1,158
Public service company tax	67,337	64,846	(2,491)
Public service company fees	2,253	2,410	157
Tobacco tax	21,525	24,413	2,888
Tax on premiums of insurance companies	39,710	33,764	(5,946)
Franchise tax (banks and other financial institutions)	10,160	15,761	5,601
Transient accommodations tax	67,800	75,973	8,173
Other taxes, primarily conveyances tax	3,670	5,215	1,545
Total taxes	1,856,325	2,118,568	262,243
Non-taxes:			
Interest and investment income	33,632	93,795	60,163
Charges for current services	66,548	79,298	12,750
Intergovernmental	9,420	11,524	2,104
Rentals	4,859	4,460	(399)
Fines, forfeitures and penalties	13,262	13,695	433
Licenses and fees	3,590	2,950	(640)
Revenues from private sources	845	3,633	2,788
Other	3,067	12,530	9,463
Total non-taxes	135,223	221,885	86,662
Total Revenues	1,991,548	2,340,453	348,905
Other Financing Sources - operating transfers in from Debt Service Fund	37,257	37,653	396
Total Revenues and Other Financing Sources	$ 2,028,805	$ 2,378,106	$ 349,301

STATE OF HAWAII

General Fund

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Expenditures:			
General government	$ 318,085	$ 307,845	$ 10,240
Public safety	95,103	92,563	2,540
Highways	2,218	2,218	-
Conservation of natural resources	25,367	25,257	110
Health	131,002	128,273	2,729
Welfare	244,848	234,189	10,659
Lower education	532,996	520,314	12,682
Other education	10,302	10,170	132
Culture and recreation	46,943	45,900	1,043
Urban redevelopment and housing	1,080	907	173
Economic development and assistance	54,110	49,407	4,703
Social security and pension contributions	70,895	70,865	30
Other	9,433	8,275	1,158
Intergovernmental	43,484	42,348	1,136
Total Expenditures	1,585,866	1,538,531	47,335
Other Financing Uses -			
operating transfers out to:			
Special Revenue Funds	11,687	11,687	-
Debt Service Fund	266,939	261,486	5,453
Enterprise Funds	20,168	15,864	4,304
University Funds	280,893	278,502	2,391
Total Other Financing Uses	579,687	567,539	12,148
Total Expenditures and Other Financing Uses	2,165,553	2,106,070	59,483
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ (136,748)	$ 272,036	$ 408,784

STATE OF HAWAII

Schedule B-4

General Fund
Schedule of Expenditures and Other Financing Uses - Budget and Actual

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Functions of Government	Actual (GAAP Basis)	Carryover Appropriations and Designations July 1, 1988	June 30, 1989
Expenditures:			
General government	$ 224,221	$ 51,876	$ 135,001
Public safety	92,530	21,801	21,161
Highways	128	232	2,322
Conservation of natural resources	23,997	2,628	3,794
Health	122,980	29,114	33,273
Welfare	227,945	11,406	16,945
Lower education	497,589	42,951	64,812
Other education	10,185	1,266	1,091
Culture and recreation	41,710	15,319	19,232
Urban redevelopment and housing	1,803	11,249	10,353
Economic development and assistance	61,558	58,108	45,647
Social security and pension contributions	70,868	3	-
Other	6,385	1,406	3,250
Intergovernmental	42,348	-	-
Total Expenditures	1,424,247	247,359	356,881
Other Financing Uses - operating transfers out to:			
Special Revenue Funds	11,687	-	-
Debt Service Fund	223,833	-	-
Enterprise Funds	15,864	-	-
University Funds	277,698	-	-
Total Other Financing Uses	529,082	-	-
Total Expenditures and Other Financing Uses	$ 1,953,329	$ 247,359	$ 356,881

Lapses of Prior Appropriations	Other Budgetary Differences	Actual (Budgetary Basis)	Budget	Transfers	Budget as Amended	Variance Favorable (Unfavorable)	Lapses of Current Appropriations
$ 1,525	$ (1,026)	$ 307,845	$ 407,599	$ (89,514)	$ 318,085	$ 10,240	$ 10,240
673	-	92,563	89,442	5,661	95,103	2,540	2,540
-	-	2,218	2,218	-	2,218	-	-
94	-	25,257	23,586	1,781	25,367	110	110
1,134	-	128,273	124,437	6,565	131,002	2,729	2,729
705	-	234,189	242,574	2,274	244,848	10,659	10,659
864	-	520,314	482,770	50,226	532,996	12,682	12,682
160	-	10,170	9,554	748	10,302	132	132
277	-	45,900	45,651	1,292	46,943	1,043	1,043
-	-	907	1,002	78	1,080	173	173
310	-	49,407	53,013	1,097	54,110	4,703	4,703
-	-	70,865	64,570	6,325	70,895	30	30
46	-	8,275	10,039	(606)	9,433	1,158	1,158
-	-	42,348	43,484	-	43,484	1,136	1,136
5,788	(1,026)	1,538,531	1,599,939	(14,073)	1,585,866	47,335	47,335
-	-	11,687	11,687	-	11,687	-	-
-	37,653	261,486	266,939	-	266,939	5,453	5,453
-	-	15,864	20,168	-	20,168	4,304	4,304
804	-	278,502	266,820	14,073	280,893	2,391	2,391
804	37,653	567,539	565,614	14,073	579,687	12,148	12,148
$ 6,592	$ 36,627	$ 2,106,070	$ 2,165,553	$ -	$ 2,165,553	$ 59,483	$ 59,483

STATE OF HAWAII

Schedule B-5

General Fund

Supplementary Schedule of Changes in Unreserved-Undesignated Fund Balance - Budgetary Basis

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Obligations	Resources
Unreserved-Undesignated Fund Balance, July 1, 1988, before residual equity transfer		$ 470,560
Residual equity transfer out to Enterprise Funds		(120,000)
Unreserved-Undesignated Fund Balance, July 1, 1988, after residual equity transfer		350,560
Actual revenues	$ -	2,378,106
Appropriations authorized	2,165,553	-
Unrequired balances of appropriations lapsed	-	66,075
Total	$ 2,165,553	2,794,741
Unreserved-Undesignated Fund Balance, June 30, 1989		$ 629,188

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1987 - effective July 1, 1988:			
SL 87 A45	State water code	$ 410	$ 5
A216	Capital improvements, general appropriations of 1987 . . .	64,413	-
	General appropriations of 1987 for 1988-1989	1,809,427	45,724
A218	Office of Hawaiian Affairs	1,280	-
A220	Collective bargaining cost items for 1988-1989	49,798	802
	Collective bargaining cost items - Judiciary for 1988-1989	3,068	-
A221	Salary increases and other cost adjustments for State officers and excluded employees	7,815	1,788
	Salary increases and other cost adjustments for officers and excluded employees - Judiciary	345	-
	Salary increases and other cost adjustments for officers and employees - Office of Hawaiian Affairs	67	18
A226	Salary increase for State Public Defender	6	-
A227	Compensation of Counsel for Indigents	729	-
A265	Epidemiological research on AIDS	200	2
A338	Establishment of the Department of Corrections	185	3

STATE OF HAWAII

General Fund

Supplementary Schedule of Changes in Unreserved-Undesignated Fund Balance - Budgetary Basis (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1987 - effective July 1, 1988 (continued):			
A342	Intergovernmental cluster for services to children with severe emotional and developmental problems	$ 339	$ 19
A351	Natural Area Reserves System	125	4
A352	Guangdong Province Special Exchange Program	25	-
A353	Governor's Task Force on Ocean Resources Tourism Development	10	1
A368	Management of State-owned cemeteries	760	-
A373	Commissioner of Securities	55	-
A375	Judiciary Appropriations Act of 1987	54,835	2,675
	Capital Improvements, Judiciary Appropriations Act of 1987	4,000	-
A376	Compensation of appointed counsel and guardians ad litem	1,500	-
A382	Establishment of the Honolulu Symphony Endowment Fund	500	-
		1,999,892	51,041
Appropriations authorized by State Legislature in regular session of 1988 - effective July 1, 1988:			
SL 88 A1	Collective bargaining cost items - Bargaining Unit 5	41,014	-
A2	State Ethics Commission	290	10
	Office of the Legislative Auditor	1,735	4
	Office of the Ombudsman	441	15
	Legislative Reference Bureau	1,531	64
A66	Salary increases and other cost adjustments for excluded employees - Bargaining Unit 5	1,653	-
A96	Capital improvement, renovation of Neal Blaisdell Center	13,000	-
	Establishment of the Waikiki Convention Center Authority	250	2
A105	Legal fees for United States v. Exxon Corporation	449	21
A112	Commission for Planning and Selecting of Korean and Vietnam Veterans' Memorials	20	-
A114	State Veterans Cemetery on Oahu	675	-

STATE OF HAWAII

General Fund

Supplementary Schedule of Changes in Unreserved-Undesignated Fund Balance - Budgetary Basis (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

Appropriations authorized by State Legislature in regular session of 1988 - effective July 1, 1988 (continued):

		Appropriations Authorized	Unrequired Balances Lapsed
A115	Establishment of the Office of Veterans' Services	$ 184	$ 48
A116	Sugar research and development	3,000	30
A118	Improvement of tsunami preparedness in Hawaii	90	1
A119	Improvement of the Statewide Tsunami System	100	-
A137	Intensive Parole Supervision Pilot Program	151	8
A148	Environmental Emergency Response Program	200	12
A151	Research on nori (porphyra sp.)	115	1
A168	Study and development of strategic plan for international services and activities	75	31
A176	Pensioners' special cost of living bonus	5,085	-
A189	Jurors' mileage fee increase	230	-
A193	Hawaii Criminal Justice Commission	442	4
A194	Implementation of the Federal asbestos law (AHERA of 1986)	54	14
A195	Diamond Head State monument	100	100
A205	Dispersal review council-group living facilities	73	2
A208	Comprehensive home services for non-medicaid program recipients	872	602
A209	Personal care services	450	450
A210	Community-based programs for the chronically mentally ill	279	50
A211	AIDS omnibus act	1,450	76
A212	Nursing License Examination Preparation Pilot Program	200	93
A213	Adult residential care homes-study rate increases	1,625	364
A215	State's Rental Assistance Program	10,000	100
A217	State's Rent Supplement Program	2,519	1,260
A218	Renovation or construction of emergency shelters	492	141
A219	Review of the enforcement of State discrimination laws	10	-
A221	90th Anniversary Okinawan Celebration Commission	25	1
A222	Statewide collection and disposal of pesticides and hazardous wastes	200	2
A229	Implementation of the final recommendations of job evaluation study	28	16
A235	Hawaii Ocean Resources Management Program	150	-
A236	Establishment of the Hawaii Statewide Trail and Access System (Na Ala Hele)	664	7

STATE OF HAWAII

General Fund

Supplementary Schedule of Changes in Unreserved-Undesignated Fund Balance - Budgetary Basis (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1988 - effective July 1, 1988 (continued):			
A237	Long-term leases of certain State agricultural lands . .	$ 500	$ 5
A238	Low-interest home construction and mortgage loans for holders of Kahana Valley State Park residential leases	1,360	14
A240	Hawaii wing, civil air patrol	191	2
A243	Development of Juvenile Justice Information System . . .	650	-
A248	Study of Hawaii's waste streams	50	3
A255	Development and implementation of the Environmental Education Programs	35	-
A256	Purchase of computer catalog for braille library	100	-
A257	Mental health services for children and youth	550	405
A262	Establishment of the Office of Information Practices . .	156	25
A278	Establishment of the temporary condominium specialist position	30	-
A294	Juvenile Diagnostic Services - establishment of nonsecure shelter facilities for youths	793	2
A296	Expansion of optional health care to low-income persons	3,564	699
A301	Development of consolidated permit application and review of the process for geothermal and cable system development	275	4
A309	Parent Information Telephone Line and Parenting Education Demonstration Project	150	2
A310	Demonstration project to create incentives for AFDC or GA parents to seek employment	1,614	1,526
A311	Methanol-From-Biomass Program	2,220	2
A323	Periodic orientation and training for persons responsible for child abuse and neglect reports . . .	30	30
A324	Hyperbaric Treatment Chamber System	1,750	-
A327	Implementation of changes in public assistance standard of need	4,887	961
A331	Feasibility study of deregulation of certain telecommunications activities	150	1
A332	Additional funding for Agricultural Loan Program	5,000	-

STATE OF HAWAII

General Fund

Supplementary Schedule of Changes in Unreserved-Undesignated Fund Balance - Budgetary Basis (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1988 - effective July 1, 1988 (continued):			
A336	Arbitration, compromise, or settlement claims by Attorney General	$ 150	$ 2
A349	Development and expansion of the Vocational Education and Management Level Programs for visitor industry . .	156	1
A351	Demonstration shrimp project (facility)	250	250
A354	Criminal Injuries Compensation Fund	558	-
A359	Subsidy payments for liability insurance premiums of certain obstetricians and gynecologists	125	19
A360	Center for Applied Aquaculture	1,000	-
A369	Action alliance-agriculture (UH - Hilo and UH - Manoa) .	100	1
A377	Establishment of a Business Permits Service Center . . .	200	23
A380	Establishment of a Classification/Compensation Appeals Board	5	-
A384	Establishment of the Molokai Small Business Revolving Loan Program	250	3
A387	Establishment of the Molokai Diversified Agriculture Revolving Loan Program	250	-
A396	Salary increase for district court judges	219	-
A400	Pay adjustment for incumbents of excluded managerial compensation plan - Judiciary	48	-
	Pay adjustment for incumbents of excluded managerial compenstion plan	3,535	141
A401	Study of compensation plans of the civil service secretarial classes	75	-
A404	Establishment of Statewide Fair Access Commission . . .	150	2
		121,047	7,652
Appropriations authorized by State Legislature in first special session of 1988 - effective July 1, 1988:			
SSL 88 A1	Hawaii Information Network Corporation	4,000	624
A2	General Improvements Act of 1988	25,515	-
		29,215	624

General Fund

Supplementary Schedule of Changes in Unreserved-Undesignated Fund Balance - Budgetary Basis (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1989 - effective prior to June 30, 1989:			
SL 89 A1	Session and nonsession expenses of the Senate	$ 3,288	$ -
	Legislative Information System - Senate	419	-
	Session and nonsession expenses of the House of Representatives	4,289	-
	Legislative Information System - House of Representatives	544	-
A17	Reimbursement of Molokai loan prepayment	809	-
A156	Legislative relief claims - other than overpayment of taxes	3,510	-
		12,859	-
Change in means of financing, authorized by State Legislature in Section 296, Act 390, S.L.H. of 1988, amending Act 216, S.L.H. 1987:			
SL 88 A390	Waterfront Project	100	-
	Waterfront Project	75	-
	Professional baseball training facility, Ewa, Oahu	300	-
		475	-
Change in means of financing authorized by State Legislature in Section 296, Act 390, S.L.H. of 1988, amending Act 217, S.L.H. 1987:			
SL 87 A217	Honoapiilani Highway Bypass, Lahaina, Maui	50	-
	Hawaii County Economic Opportunity Council, Hawaii	15	-
		65	-
Appropriations authorized by State Constitution:			
	Salaries:		
	Members of the Senate	577	4
	Members of the House of Representatives	1,173	4
		1,750	8

STATE OF HAWAII

General Fund

Supplementary Schedule of Changes in Unreserved-Undesignated Fund Balance - Budgetary Basis (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

				Appropriations Authorized	Unrequired Balances Lapsed
Special and continuous appropriations authorized by the Hawaii Revised Statutes:					
HRS		185-4	Firefighters' Contingency Fund	$ 250	$ 158
Unrequired balance of appropriations in force June 30, 1989 - lapsed:					
SL	75	A195	General appropriations of 1975, for 1975 - 1977	-	7
SL	79	A214	Capital improvements, general appropriations of 1979 . .	-	11
SSL	81	A1	General appropriations of 1981, for 1981 - 1983	-	17
SL	83	A301	General appropriations of 1983, for 1983 - 1985	-	6
SL	84	A285	General appropriations of 1984, for 1984 - 1986	-	84
SL	85	A300	Capital improvements, general appropriations of 1985 . .	-	6
			General appropriations of 1985, for 1985 - 1987	-	49
SL	86	A159	Tourism Impact Management System	-	5
		A340	Transient accommodations tax	-	8
		A345	Capital improvements, general appropriations of 1986 . .	-	57
			General appropriations of 1986, for 1986 - 1987	-	231
		A348	Judiciary Supplemental Appropriations Act of 1986 . . .	-	178
SL	87	A1	Office of the Legislative Auditor	-	10
			Session and nonsession expenses of the House of Representatives	-	17
			State Ethics Commission	-	1
		A45	State water code	-	1
		A216	General appropriations of 1987, for 1987 - 1989	-	5,103
		A218	Office of Hawaiian Affairs	-	11
		A265	Epidemiological research on AIDS	-	77
		A271	State Fire Council	-	9
		A289	State Coordinating Council on Deafness	-	1
		A338	Establishment of the Department of Corrections	-	3
		A342	Intergovernmental cluster for services to children with severe emotional and developmental problems . . .	-	57

STATE OF HAWAII

General Fund

Supplementary Schedule of Changes in Unreserved-Undesignated Fund Balance - Budgetary Basis (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

				Appropriations Authorized	Unrequired Balances Lapsed
Unrequired balance of appropriations in force June 30, 1989 - lapsed (continued):					
		A343	Innovative community - based educational or services projects or programs for protection of child abuse and neglect	$ -	$ 20
		A375	Judiciary Appropriations Act of 1987	-	599
SL	88	A2	Senate Contingency Fund for 1988 session	-	9
		A92	Legislative relief claims - other than overpayment of taxes	-	14
		185-4	Firefighters' Contingency Fund	-	1
				-	6,592
				$ 2,165,553	$ 66,075

SPECIAL REVENUE FUNDS

The Special Revenue Funds category is used to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted for specified purposes. The major Special Revenue Funds are presented separately in the accompanying financial statements, with the remainder grouped as a single entity. The major Special Revenue Funds are as follows:

Highways - accounts for programs related to maintaining and operating land transportation facilities.

Natural Resources - accounts for programs related to the conservation, development and utilization of agriculture, aquaculture, water, land and other natural resources of the State.

Health - accounts for programs related to mental health, nutrition services, communicable disease and for other public health services.

Human Services - accounts for social service programs which include public welfare, eligibility and disability determination, health care and housing assistance.

Education - accounts for programs related to instructional education, school food services and student driver education.

Economic Development - accounts for programs related to the development and promotion of industry and international commerce, energy development and management, economic research and analysis and the utilization of resources.

Employment - accounts for programs related to employment and training, disability compensation, placement services, occupational safety and health and unemployment compensation.

Regulatory - accounts for programs related to consumer protection, business registration and cable television regulation.

Hawaiian Programs - accounts for programs related to the betterment of native Hawaiians.

Administrative Support - accounts for programs of certain administrative agencies.

All Other - accounts for programs related to water recreation, inmate stores and driver training and education.

STATE OF HAWAII

Exhibit C-1

Special Revenue Funds Combining Balance Sheet

June 30, 1989

(Amounts in thousands)

ASSETS	Highways	Natural Resources	Health	Human Services	Education
Cash and short-term cash investments	$ 62,439	$ 21,714	$ 3,529	$ 34,550	$ 10,205
Receivables:					
Accounts	-	-	-	-	-
Notes	-	17,958	-	-	-
Total receivables	-	17,958	-	-	-
Due from Trust and Agency Funds	50	-	-	-	-
Investments	-	-	-	-	-
Other assets	-	1	-	-	-
Total Assets	$ 62,489	$ 39,673	$ 3,529	$ 34,550	$ 10,205
LIABILITIES AND FUND EQUITY					
Liabilities - vouchers payable	302	373	741	134	3,558
Fund Equity:					
Reserved for:					
Continuing appropriations - unliquidated encumbrances	20,827	622	7,971	3,222	4,394
Receivables	-	17,958	-	-	-
Investments	-	-	-	-	-
Other assets	-	1	-	-	-
	20,827	18,581	7,971	3,222	4,394
Unreserved fund balances (deficit):					
Designated for future expenditures	2,542	3,149	-	1	-
Undesignated	38,818	17,570	(5,183)	31,193	2,253
Total Fund Equity	62,187	39,300	2,788	34,416	6,647
Total Liabilities and Fund Equity	$ 62,489	$ 39,673	$ 3,529	$ 34,550	$ 10,205

Economic Development	Employment	Regulatory	Hawaiian Programs	Administrative Support	All Other	Total
$ 37,083	$ 17,359	$ 10,585	$ 26,984	$ 22,996	$ 8,378	$ 255,822
-	-	-	3	-	-	3
6,168	-	-	37,634	249	-	62,009
6,168	-	-	37,637	249	-	62,012
-	-	-	-	-	-	50
200	-	-	4,326	-	-	4,526
-	-	-	24	-	-	25
$ 43,451	$ 17,359	$ 10,585	$ 68,971	$ 23,245	$ 8,378	$ 322,435
169	1,643	48	63	813	171	8,015
2,770	37	705	1,793	5,649	895	48,885
6,168	-	-	37,637	249	-	62,012
200	-	-	4,326	-	-	4,526
-	-	-	24	-	-	25
9,138	37	705	43,780	5,898	895	115,448
4,930	-	-	1,950	16,534	-	29,106
29,214	15,679	9,832	23,178	-	7,312	169,866
43,282	15,716	10,537	68,908	22,432	8,207	314,420
$ 43,451	$ 17,359	$ 10,585	$ 68,971	$ 23,245	$ 8,378	$ 322,435

STATE OF HAWAII

Exhibit C-2

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balances

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Highways	Natural Resources	Health	Human Services	Education
Revenues:					
Taxes:					
General excise tax - Highways	$ 14,103	$ -	$ -	$ -	$ -
Liquid fuel tax:					
Highways	43,080	-	-	-	-
Boating	-	-	-	-	-
Vehicle registration fee tax.	7,528	-	-	-	-
State vehicle weight tax	11,535	-	-	-	-
Income tax designation for election campaign	-	-	-	-	-
Total taxes	76,246	-	-	-	-
Non-taxes:					
Interest and investment income	1,089	1,806	3	411	-
Charges for current services.	1,612	999	3	-	13,581
Intergovernmental	57,907	3,223	23,848	195,748	65,277
Rentals	3	1,848	-	254	-
Fines, forfeitures and penalties	324	-	-	-	-
Licenses and fees	84	93	-	-	-
Revenues from private sources	-	61	2	-	272
Other	3,722	1,557	238	2,333	126
Total non-taxes	64,741	9,587	24,094	198,746	79,256
Total Revenues	140,987	9,587	24,094	198,746	79,256
Other Financing Sources - operating transfers in from:					
General Fund	-	5,121	246	493	-
Capital Projects Fund	-	-	-	-	-
Total Other Financing Sources	-	5,121	246	493	-
Total Revenues and Other Financing Sources	$ 140,987	$ 14,708	$ 24,340	$ 199,239	$ 79,256

Economic Development	Employment	Regulatory	Hawaiian Programs	Administrative Support	All Other	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 14,103
-	-	-	-	-	-	43,080
-	-	-	-	-	838	838
-	-	-	-	-	-	7,528
-	-	-	-	-	-	11,535
-	-	-	-	357	-	357
-	-	-	-	357	838	77,441
3,357	1,014	93	4,742	577	110	13,202
5,317	7,433	6,604	508	13,798	4,641	54,496
1,343	27,439	-	1,974	11,493	2,044	390,296
-	-	-	5,229	482	-	7,816
-	697	-	-	137	777	1,935
-	-	3,857	-	-	-	4,034
1	-	-	20	1	2	359
2,198	115	-	1,787	684	2,611	15,371
12,216	36,698	10,554	14,260	27,172	10,185	487,509
12,216	36,698	10,554	14,260	27,529	11,023	564,950
1,498	(53)	-	-	4,367	15	11,687
396	-	-	-	-	-	396
1,894	(53)	-	-	4,367	15	12,083
$ 14,110	$ 36,645	$ 10,554	$ 14,260	$ 31,896	$ 11,038	$ 577,033

STATE OF HAWAII

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balances (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Highways	Natural Resources	Health	Human Services	Education
Expenditures:					
General government	$ -	$ -	$ -	$ -	$ -
Public safety	-	1,098	-	122	-
Highways	51,049	-	-	-	-
Conservation of natural resources	-	8,832	-	-	-
Health	-	-	26,467	-	-
Welfare	-	-	-	178,495	-
Lower education	-	-	58	-	80,058
Other education	-	-	-	5,112	-
Culture and recreation	-	1,175	-	-	655
Urban redevelopment and housing	-	114	-	-	-
Economic development and assistance	-	290	-	1	-
Other	-	-	-	-	-
Total Expenditures	51,049	11,509	26,525	183,730	80,713
Other Financing Uses - operating transfers out to:					
Debt Service Fund	22,938	276	-	-	-
Capital Projects Fund	55,789	-	-	-	-
Total Other Financing Uses	78,727	276	-	-	-
Total Expenditures and Other Financing Uses	$ 129,776	$ 11,785	$ 26,525	$ 183,730	$ 80,713

Economic Development	Employment	Regulatory	Hawaiian Programs	Administrative Support	All Other	Total
$ 1	$ 115	$ -	$ -	$ 9,624	$ 151	$ 9,891
10	17,473	2,612	-	1,811	4,247	27,373
-	-	-	-	7	-	51,056
52	-	-	-	59	-	8,943
-	-	-	-	483	-	26,950
-	-	-	-	3,446	72	182,013
-	-	-	-	38	-	80,154
-	-	-	-	3	-	5,115
-	-	-	-	4,828	4,038	10,696
-	-	-	3,722	-	-	3,836
11,279	11,202	-	2,326	5,471	-	30,569
-	8,572	2,061	1,949	1,415	-	13,997
11,342	37,362	4,673	7,997	27,185	8,508	450,593
41	-	-	-	909	-	24,164
-	-	-	-	-	-	55,789
41	-	-	-	909	-	79,953
$ 11,383	$ 37,362	$ 4,673	$ 7,997	$ 28,094	$ 8,508	$ 530,546

STATE OF HAWAII

Special Revenue Funds Combining Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balances (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Highways	Natural Resources	Health	Human Services	Education
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ 11,211	$ 2,923	$ (2,185)	$ 15,509	$ (1,457)
Net transfers (to) from other Special Revenue Funds	387	-	91	(744)	528
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	11,598	2,923	(2,094)	14,765	(929)
Other Changes in Unreserved-Undesignated Fund Balances:					
Add:					
Continuing appropriations, July 1, 1988	19,783	626	9,082	4,340	4,890
Unreserved-designated for future expenditures, July 1, 1988	5,028	3,356	-	27	-
Deduct:					
Continuing appropriations, June 30, 1989	20,827	622	7,971	3,222	4,394
Unreserved-designated for future expenditures, June 30, 1989	2,542	3,149	-	1	-
Total Other Changes in Unreserved-Undesignated Fund Balances	1,442	211	1,111	1,144	496
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses and Other Changes in Unreserved-Undesignated Fund Balances	13,040	3,134	(983)	15,909	(433)
Unreserved-Undesignated Fund Balances (Deficit), July 1, 1988	25,778	14,436	(4,200)	15,284	2,686
Unreserved-Undesignated Fund Balances (Deficit), June 30, 1989	$ 38,818	$ 17,570	$ (5,183)	$ 31,193	$ 2,253

Economic Development	Employment	Regulatory	Hawaiian Programs	Administrative Support	All Other	Total
$ 2,727	$ (717)	$ 5,881	$ 6,263	$ 3,802	$ 2,530	$ 46,487
(25)	(272)	(1,037)	(40)	67	1,045	-
2,702	(989)	4,844	6,223	3,869	3,575	46,487
4,821	38	660	828	3,613	1,196	49,877
4,429	-	-	1,950	18,621	-	33,411
2,770	36	705	1,793	5,649	896	48,885
4,930	-	-	1,950	16,534	-	29,106
1,550	2	(45)	(965)	51	300	5,297
4,252	(987)	4,799	5,258	3,920	3,875	51,784
24,962	16,666	5,033	17,920	(3,920)	3,437	118,082
$ 29,214	$ 15,679	$ 9,832	$ 23,178	$ -	$ 7,312	$ 169,866

STATE OF HAWAII

Schedule C-3

Special Revenue Funds
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Revenues:			
Taxes:			
General excise tax - Highways	$ 12,631	$ 14,103	$ 1,472
Liquid fuel tax:			
Highways	42,200	43,080	880
Boating	699	838	139
Vehicle registration fee tax	7,570	7,528	(42)
State vehicle weight tax	11,662	11,535	(127)
Income tax designation for election campaign	700	357	(343)
Total taxes	75,462	77,441	1,979
Non-taxes:			
Interest and investment income	9,049	13,202	4,153
Charges for current services	41,792	54,496	12,704
Intergovernmental	407,215	390,296	(16,919)
Rentals	5,679	7,816	2,137
Fines, forfeitures and penalties	1,333	1,935	602
Licenses and fees	398	4,034	3,636
Revenues from private sources	748	359	(389)
Other	7,541	15,371	7,830
Total non-taxes	473,755	487,509	13,754
Total Revenues	549,217	564,950	15,733
Other Financing Sources -			
operating transfers in from:			
General Fund	-	11,687	11,687
Capital Projects Fund	-	396	396
Total Other Financing Sources	-	12,083	12,083
Total Revenues and Other Financing Sources	$ 549,217	$ 577,033	$ 27,816

STATE OF HAWAII

Special Revenue Funds
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Expenditures:			
General government	$ 17,914	$ 7,569	$ 10,345
Public safety	36,695	24,989	11,706
Highways	80,063	50,677	29,386
Conservation of natural resources	3,896	3,468	428
Health	40,677	28,947	11,730
Welfare	182,018	169,195	12,823
Lower education	94,279	79,719	14,560
Other education	5,100	5,075	25
Culture and recreation	18,306	10,595	7,711
Urban redevelopment and housing	5,174	3,053	2,121
Economic development and assistance	47,738	20,654	27,084
Other	12,196	9,941	2,255
Total Expenditures	544,056	413,882	130,174
Excess of Revenues and Other Financing Sources over Expenditures	$ 5,161	$ 163,151	$ 157,990

STATE OF HAWAII

Schedule C-4

Special Revenue Funds Schedule of Expenditures and Other Financing Uses - Budget and Actual

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Functions Of Government	Actual (GAAP Basis)	Non-Budgeted Expenditures (Actual)	Budgeted Expenditures (Actual)	Encumbrances	Actual (Budgetary Basis)	Budget	Variance - Favorable (Unfavorable)
Expenditures:							
General government . .	$ 9,891	$ 4,171	$ 5,720	$ 1,849	$ 7,569	$ 17,914	$ 10,345
Public safety	27,373	2,762	24,611	378	24,989	36,695	11,706
Highways	51,056	17,390	33,666	17,011	50,677	80,063	29,386
Conservation of natural resources	8,943	5,907	3,036	432	3,468	3,896	428
Health	26,950	4,756	22,194	6,753	28,947	40,677	11,730
Welfare	182,013	15,858	166,155	3,040	169,195	182,018	12,823
Lower education	80,154	4,522	75,632	4,087	79,719	94,279	14,560
Other education	5,115	174	4,941	134	5,075	5,100	25
Culture and recreation.	10,696	1,851	8,845	1,750	10,595	18,306	7,711
Urban redevelopment and housing	3,836	1,970	1,866	1,187	3,053	5,174	2,121
Economic development and assistance . . .	30,569	10,387	20,182	472	20,654	47,738	27,084
Other	13,997	4,310	9,687	254	9,941	12,196	2,255
Total Expenditures	450,593	74,058	376,535	37,347	413,882	544,056	130,174
Other Financing Uses - operating transfers out to:							
Debt Service Fund . .	24,164	24,164	-	-	-	-	-
Capital Projects Fund	55,789	55,789	-	-	-	-	-
Total Other Financing Uses	79,953	79,953	-	-	-	-	-
Total Expenditures and Other Financing Uses	$ 530,546	$ 154,011	$ 376,535	$ 37,347	$ 413,882	$ 544,056	$ 130,174

DEBT SERVICE FUND

The Debt Service Fund category is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest of general obligation bonds serviced by the General Fund and the Special Revenue Funds as described below:

General obligation bonds serviced by the General Fund - accounts for operating transfers from the General Fund for periodic payment of principal and interest of general obligation bonds and related costs.

General obligation bonds serviced by the Special Revenue Funds - several projects utilize the proceeds from general obligation bonds to finance capital expenditures and pay for their proportionate share of principal and interest. These Special Revenue Funds include:

- Highways
- Natural Resources
- Economic Development
- Administrative Support
- All Other

STATE OF HAWAII

Exhibit D-1

Debt Service Fund
Balance Sheet

June 30, 1989

(Amounts in thousands)

ASSETS

Cash and short-term cash investments	$ 10,685
Due from General Fund	255
Total Assets	$ 10,940

LIABILITIES AND FUND EQUITY

Liabilities:	
Matured bond principal payable	4,840
Matured bond interest payable	5,845
Total Liabilities	10,685
Fund Equity - reserved for continuing appropriations	255
Total Liabilities and Fund Equity	$ 10,940

STATE OF HAWAII

Exhibit D-2

Debt Service Fund
Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balances

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Other Financing Sources:	
Operating transfers in from General Fund:	
Appropriation for debt service from Act 390, SLH 1988	$ 229,286
Deduct unrequired balance of General Fund appropriation lapsed	5,453
Net operating transfers in from General Fund	223,833
Operating transfers in from Special Revenue Funds - contributions for payment of debt service requirements	24,164
Total Other Financing Sources	247,997
Expenditures:	
Principal on serial bonds	133,741
Interest on bonds	113,455
Fiscal agents' fees and other expenses	669
Total Expenditures	247,865
Excess of Other Financing Sources over Expenditures	132
Other Changes in Unreserved-Undesignated Fund Balances:	
Add continuing appropriations reserved for bond redemption, July 1, 1988	123
Deduct continuing appropriations reserved for bond redemption, June 30, 1989	255
Total Other Changes in Unreserved-Undesignated Fund Balances	(132)
Excess of Other Financing Sources over Expenditures and Other Changes in Unreserved-Undesignated Fund Balances	-
Unreserved-Undesignated Fund Balances, July 1, 1988	-
Unreserved-Undesignated Fund Balances, June 30, 1989	$ -

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and University Funds).

STATE OF HAWAII

Exhibit E-1

Capital Projects Fund
Balance Sheet

June 30, 1989

(Amounts in thousands)

ASSETS

Cash and short-term cash investments		$ 134,886
Due from Enterprise Funds		852
Investments		147,847
Total Assets		$ 283,585

LIABILITIES AND FUND EQUITY

Liabilities:		
Vouchers payable	$ 10,253	
Due to Enterprise Funds	1,685	
Temporary loans from General Fund	30,000	
Total Liabilities		41,938
Fund Equity:		
Reserved for continuing appropriations:		
Unencumbered allotments	52,888	
Unliquidated encumbrances	181,984	
	234,872	
Reserved for Federal aid highway projects encumbrances	150,079	
		384,951
Unreserved-Undesignated		(143,304)
Total Fund Equity		241,647
Total Liabilities and Fund Equity		$ 283,585

STATE OF HAWAII

Exhibit E-2

Capital Projects Fund
Statement of Revenues, Expenditures and Changes In Unreserved-Undesignated Fund Deficit

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Other Financing Sources:		
Proceeds from general obligation bonds	$ 270,001	
Operating transfers in from Special Revenue Funds	55,789	
Contributions from property owners	5,117	
Total Other Financing Sources		$ 330,907
Expenditures:		
General government	27,902	
Public safety	7,773	
Highways	76,282	
Conservation of natural resources	3,195	
Health	15,440	
Welfare	231	
Lower education	41,026	
Higher education	18,731	
Culture and recreation	18,791	
Urban redevelopment and housing	5,955	
Economic development and assistance	10,611	
Total Expenditures		225,937
Other Financing Uses -		
operating transfers out to:		
Special Revenue Funds	396	
Enterprise Funds	14,241	
University Funds	2,427	
Total Other Financing Uses		17,064
Total Expenditures and Other Financing Uses		243,001
Excess of Other Financing Sources over Expenditures and Other Financing Uses		87,906
Other Changes in Unreserved-Undesignated Fund Deficit:		
Add continuing appropriations, July 1, 1988	251,396	
Deduct continuing appropriations, June 30, 1989	234,872	
	16,524	
Increase in reserve for Federal aid highway projects encumbrances	(105,730)	
Total Other Changes in Unreserved-Undesignated Fund Deficit		(89,206)
Excess of Expenditures and Other Financing Uses and Other Changes in Unreserved-Undesignated Fund Deficit over Other Financing Sources		(1,300)
Unreserved-Undesignated Fund Deficit, July 1, 1988		(142,004)
Unreserved-Undesignated Fund Deficit, June 30, 1989		$ (143,304)

STATE OF HAWAII

Schedule E-3

Capital Projects Fund Supplementary Schedule of Reconciliation With Bonds Issued

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

				Expenditures			
	Bonds Issued	Appropriations	Transfers	Prior Years	Current Year	Lapses	Balances
General Obligation Bonds:							
General government	$ 322,231	$ 385,309	$ (14,041)	$ 246,307	$ 27,902	$ 39,027	$ 58,032
Public safety .	143,461	161,362	5,106	131,429	7,773	7,708	19,558
Highways . . .	329,026	500,710	764	315,415	20,607	36,630	128,822
Conservation of natural resources . .	144,023	169,817	413	136,013	3,195	21,423	9,599
Health	113,480	172,649	362	83,416	13,757	39,962	35,876
Hospitals . . .	115,347	126,784	1,457	111,709	1,915	11,173	3,444
Welfare	23,008	28,191	(66)	4,282	10,707	305	12,831
Lower education	589,164	687,113	1,394	521,059	41,026	59,243	67,179
Higher education. .	435,587	505,864	2,600	391,420	18,733	32,265	66,046
Other education	5,125	5,353	-	5,154	-	96	103
Culture and recreation. .	273,933	349,098	797	240,609	18,791	40,261	50,234
Urban redevelopment and housing . . .	126,489	141,531	(18)	119,400	4,315	4,182	13,616
Economic development and assistance. .	146,337	201,152	929	106,444	10,611	21,118	63,908
Airports . . .	68,839	69,109	283	69,053	36	272	31
Water transport and terminals	53,640	156,579	20	50,416	2,578	3,316	100,289
Other	63,914	90	-	90	-	-	-
Total General Obligation Bonds	$ 2,953,604	$ 3,660,711	$ -	$ 2,532,216	$ 181,946	$ 316,981	$ 629,568

STATE OF HAWAII

Capital Projects Fund
Supplementary Schedule of Reconciliation With Bonds Issued (Cont'd)

For The Fiscal Year Ended June 30, 1989

(Amounts in thousands)

				Expenditures			
	Bonds Issued	Appropriations	Transfers	Prior Years	Current Year	Lapses	Balances
Revenue Bonds:							
Health	$ -	$ 41,320	$ -	$ -	$ -	$ -	$ 41,320
Hospitals	-	10,900	-	-	-	-	10,900
Welfare	-	75,000	-	-	-	-	75,000
Higher education	8,010	9,280	-	7,309	691	1,280	-
Urban redevelopment and housing	672,442	1,486,500	-	595,641	72,036	-	818,823
Economic development and assistance. . .	-	531,852	-	-	-	244,667	287,185
Airports	419,094	695,424	-	323,160	39,422	61,792	271,050
Water transport and terminals	87,204	101,570	-	50,707	9,954	9,431	31,478
Total Revenue Bonds	1,186,750	2,951,846	-	976,817	122,103	317,170	1,535,756
Total All Bonds	$ 4,140,354	$ 6,612,557	$ -	$ 3,509,033	304,049	$ 634,151	2,165,324
Reconciliation with Capital Projects Fund:							
Add Highways programs					55,675		150,079
Subtotal					359,724		2,315,403
Deduct:							
Special Revenue Funds					396		-
Enterprise Funds:							
Airports					39,460		271,103
Harbors					12,532		131,768
Housing					80,474		877,253
State Hospitals					232		-
Total Enterprise Funds					132,698		1,280,124
University Funds					693		2,755
Special purpose revenue bonds not included in general purpose financial statements					-		304,405
Reclassification of unallotted appropriations against unreserved-undesignated fund deficit					-		343,168
					$ 225,937		$ 384,951

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations financed and operated in a manner similar to private business enterprises, where the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The Enterprise Funds are comprised of the following:

Department of Transportation - Airports Division (Airports) - responsible for the equipment, regulation and operation of the State airports as a financially self-sustaining system. It also plans, designs and constructs new, expanded airports and improves existing facilities. The division also promotes aeronautical safety in the State.

Department of Transportation - Harbors Division (Harbors) - fosters the development of water transportation in Hawaii. The division supervises and maintains the harbor operations and plans the construction of new harbor facilities. It maintains control over ocean shores and promotes navigational safety.

Housing Funds (Housing) - accounts for the Hawaii Housing Authority and the Housing Finance and Development Corporation. The funds are responsible for the land reform programs, development and administration of State and Federal rental housing projects, State-financed dwelling unit sales and issuance of mortgage revenue bonds.

State Hospitals Fund (State Hospitals) - accounts for all transactions relating to hospitals owned and operated as hospital enterprises by the State. The fund accounts for the following hospitals:

Hilo Hospital
Honokaa Hospital
Ka'u Hospital
Kauai Veterans Memorial Hospital
Kohala Hospital
Kona Hospital
Kula Hospital
Lanai Community Hospital
Leahi Hospital
Samuel Mahelona Memorial Hospital
Maluhia Hospital
Maui Memorial Hospital and Hana Medical Center

STATE OF HAWAII

Exhibit F-1

Enterprise Funds
Combining Balance Sheet

June 30, 1989

(Amounts in thousands)

ASSETS	Airports	Harbors	Housing	State Hospitals	Total
Current Assets:					
Cash and short-term cash investments	$ 262,186	$ 25,363	$ 184,212	$ 3,705	$ 475,466
Receivables:					
Aviation fuel tax	577	-	-	-	577
Accounts - net	2,823	3,471	-	35,378	41,672
Accrued interest	4,290	965	7,377	-	12,632
Federal Government	5,060	-	14,185	-	19,245
Other	-	725	2,805	442	3,972
Due from General Fund	-	-	491	-	491
Due from Capital Projects Fund	-	-	1,685	-	1,685
Investments - U. S. Government securities	-	-	21,858	-	21,858
Inventory of materials and supplies	145	54	378	2,775	3,352
Developments in progress and dwelling units inventory	-	-	26,747	-	26,747
Unamortized bond issue costs, current portion	-	-	387	-	387
Prepaid expenses	-	-	328	12	340
Total Current Assets	275,081	30,578	260,453	42,312	608,424
Restricted Assets:					
Cash and short-term cash investments	119,414	43,519	5,480	5,271	173,684
Investments:					
U. S. Government securities	36,965	14,133	56,999	-	108,097
Repurchase agreements	-	-	102,443	-	102,443
Net direct financing leases	9,184	17,295	-	-	26,479
Other	-	-	-	3,712	3,712
Total Restricted Assets	165,563	74,947	164,922	8,983	414,415
Property, Plant and Equipment:					
Land and land improvements	358,312	70,107	30,905	14,940	474,264
Buildings and other improvements	321,312	110,976	171,228	85,714	689,230
Machinery and equipment	19,755	2,968	6,342	40,549	69,614
Construction in progress	267,223	75,141	-	2,268	344,632
	966,602	259,192	208,475	143,471	1,577,740
Less accumulated depreciation	220,796	51,716	76,719	49,728	398,959
Net Property, Plant and Equipment	745,806	207,476	131,756	93,743	1,178,781
Other Assets:					
Accrued interest	-	-	959	-	959
Mortgage loans receivable	-	-	264,534	-	264,534
Notes and loans receivable, net of deferred gain.	-	-	16,056	-	16,056
Investments - U. S. Government securities	-	-	11,427	-	11,427
Land held for future development	-	-	12,684	-	12,684
Unamortized bond issue costs	3,757	1,318	7,471	-	12,546
Other	-	-	1,044	-	1,044
Total Other Assets	3,757	1,318	314,175	-	319,250
Total Assets	$ 1,190,207	$ 314,319	$ 871,306	$ 145,038	$ 2,520,870

STATE OF HAWAII

Enterprise Funds
Combining Balance Sheet (Cont'd)

June 30, 1989

(Amounts in thousands)

LIABILITIES AND FUND EQUITY	Airports	Harbors	Housing	State Hospitals	Total
Current Liabilities:					
Vouchers and contracts payable	$ 15,353	$ 668	$ 1,527	$ 3,041	$ 20,589
Other accrued liabilities	4,000	1,306	34,496	58,804	98,606
Prepaid airport use charge	5,107	-	-	-	5,107
Due to General Fund	-	14	-	-	14
Due to Capital Projects Fund	-	852	-	-	852
Due to Federal Government, current portion	-	-	1,400	-	1,400
General obligation bonds payable, current portion	3,800	-	-	-	3,800
Notes payable, current portion	-	-	22	-	22
Deferred revenue	33,104	-	-	-	33,104
Liabilities collateralized by HUD annual contributions, current portion	-	-	46,509	-	46,509
Custodial funds and deposits	-	-	-	280	280
Total Current Liabilities (payable from current assets)	61,364	2,840	83,954	62,125	210,283
Liabilities Payable from Restricted Assets:					
Contracts payable and other	11,879	1,772	-	20	13,671
Accrued interest	18,751	4,317	-	-	23,068
Matured revenue bonds and interest coupons payable	-	247	-	-	247
Revenue bonds payable	33,935	3,515	10,721	-	48,171
Due to General Fund	25	-	-	-	25
General obligation bonds payable	-	1,657	-	-	1,657
Total Liabilities Payable from Restricted Assets	64,590	11,508	10,721	20	86,839
Long-Term Liabilities:					
Advances from General Fund	-	-	-	13,443	13,443
Due to Federal Government	-	-	5,685	-	5,685
General obligation bonds payable	23,045	10,055	-	-	33,100
Notes payable	-	-	436	-	436
Security deposits	-	-	1,313	-	1,313
Liabilities collateralized by HUD annual contributions	-	-	39,349	-	39,349
Revenue bonds payable (net of unamortized discount)	428,278	107,074	402,729	-	938,081
Deferred commitment fees	-	-	1,383	-	1,383
Total Long-Term Liabilities	451,323	117,129	450,895	13,443	1,032,790
Total Liabilities	577,277	131,477	545,570	75,588	1,329,912
Fund Equity:					
Contributed capital:					
Federal grants	175,339	54,910	77,275	-	307,524
State grants	4,264	30,237	299,651	-	334,152
Other	5,038	334	2,234	-	7,606
	184,641	85,481	379,160	-	649,282
Less accumulated depreciation	32,897	4,188	59,247	-	96,332
Total contributed capital	151,744	81,293	319,913	-	552,950
Retained earnings:					
Reserved for bond requirements and other	60,265	14,510	-	8,963	83,738
Unreserved	400,921	87,039	5,823	60,487	554,270
Total retained earnings	461,186	101,549	5,823	69,450	638,008
Total Fund Equity	612,930	182,842	325,736	69,450	1,190,958
Total Liabilities and Fund Equity	$ 1,190,207	$ 314,319	$ 871,306	$ 145,038	$ 2,520,870

STATE OF HAWAII

Exhibit F-2

Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Airports	Harbors	Housing	State Hospitals	Total
Operating Revenues:					
Concession fees	$ 213,729	$ -	$ -	$ -	$ 213,729
Sales of dwelling units	-	-	10,711	-	10,711
Patient service revenues (net of contractual allowances and adjustments of $17,220) . .	-	-	-	91,688	91,688
Airport use charge	6,805	-	-	-	6,805
Rentals	13,904	12,803	16,089	-	42,796
Aviation fuel tax	7,382	-	-	-	7,382
Services and others	3,717	18,199	-	-	21,916
Interest	-	-	48,575	-	48,575
Other	-	-	1,197	1,637	2,834
Total Operating Revenues	245,537	31,002	76,572	93,325	446,436
Operating Expenses:					
Personal services	32,362	5,213	8,459	41,521	87,555
Nursing services	-	-	-	39,916	39,916
Interest	-	-	40,415	-	40,415
Depreciation	20,682	3,493	6,779	6,421	37,375
Repairs and maintenance	12,362	4,536	3,042	-	19,940
Cost of sales - dwelling units	-	-	8,522	-	8,522
Airports operations	13,456	-	-	-	13,456
Harbors operations	-	1,201	-	-	1,201
Fireboat operations	-	982	-	-	982
Loan servicing fees and amortization of bond issue costs	-	-	1,283	-	1,283
General administration	15,214	2,697	4,599	28,738	51,248
Other	1,508	5	5,490	100	7,103
Total Operating Expenses	95,584	18,127	78,589	116,696	308,996
Operating Income (Loss)	$ 149,953	$ 12,875	$ (2,017)	$ (23,371)	$ 137,440

STATE OF HAWAII

Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Airports	Harbors	Housing	State Hospitals	Total
Nonoperating Revenues (Expenses):					
Interest income	$ 26,749	$ 5,608	$ -	$ -	$ 32,357
Interest expense	(24,608)	(7,794)	-	-	(32,402)
Amortization of bond discount and bond issue costs	-	(122)	-	-	(122)
HUD annual contributions	-	-	6,475	-	6,475
Donations and grants	-	-	-	29	29
Other	62	532	9	(2,313)	(1,710)
Total Nonoperating Revenues (Expenses)	2,203	(1,776)	6,484	(2,284)	4,627
Income (Loss) before Operating Transfers In and Extraordinary Item	152,156	11,099	4,467	(25,655)	142,067
Operating Transfers In:					
General Fund	-	-	-	4,058	4,058
Capital Projects Fund	-	-	-	232	232
Total Operating Transfers In	-	-	-	4,290	4,290
Income (Loss) before Extraordinary Item	152,156	11,099	4,467	(21,365)	146,357
Extraordinary Item - loss from early redemption of revenue bonds payable	-	-	(608)	-	(608)
Net Income (Loss)	152,156	11,099	3,859	(21,365)	145,749
Depreciation on contributed fixed assets that reduces contributed capital	4,004	125	6,469	-	10,598
Retained Earnings, July 1, 1988	305,026	90,325	(1,880)	90,815	484,286
Residual equity transfer from retained earnings to contributed capital of Housing	-	-	(2,625)	-	(2,625)
Retained Earnings, June 30, 1989	$ 461,186	$ 101,549	$ 5,823	$ 69,450	$ 638,008

STATE OF HAWAII

Exhibit F-3

Enterprise Funds Combining Statement of Changes in Financial Position

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Airports	Harbors	Housing	State Hospitals	Total
Sources of Working Capital:					
Operations:					
Income (loss) before extraordinary item . . .	$ 152,156	$ 11,099	$ 4,467	$ (21,365)	$ 146,357
Items not requiring use of (providing) working capital:					
Depreciation	20,682	3,493	6,779	6,421	37,375
Amortization of bond discount and bond issue costs	681	122	396	-	1,199
Amortization of discount on U. S. Government securities	-	-	(1,612)	-	(1,612)
Earnings on investment in direct financing leases and other	-	(142)	-	-	(142)
Loss on disposal of facilities	-	5	-	-	5
Amortization of deferred commitment fees	-	-	(125)	-	(125)
Recognition of deferred gain	-	-	(74)	-	(74)
Working capital provided from (used for) operations before extraordinary item	173,519	14,577	9,831	(14,944)	182,983
Extraordinary item - loss from early redemption of revenue bonds payable	-	-	(608)	-	(608)
Add noncash amount related to write-off of unamortized bond issue costs	-	-	608	-	608
Working capital provided from (used for) operations	173,519	14,577	9,831	(14,944)	182,983
Contributed capital:					
Residual equity transfer in from General Fund	-	-	120,000	-	120,000
Federal and State grants and transfers. . . .	13,595	8,052	17,781	-	39,428
HUD contributions	-	-	32,591	-	32,591
Revenue bond proceeds	-	21,200	70,000	-	91,200
Disposal of property, plant and equipment . . .	853	-	84	12	949
Repayments of mortgage loans receivable	-	-	29,503	-	29,503
Repayments of notes and loans receivable . . .	-	-	114	-	114
Decrease in land held for future development .	-	-	15,882	-	15,882
Decrease in advances due from lessees	-	-	835	-	835
Decrease in other noncurrent assets	-	-	313	-	313
Net increase in liabilities payable from restricted assets	3,273	1,871	-	20	5,164
Increase in deferred commitment fees	-	-	1,025	-	1,025
Total Sources of Working Capital	$ 191,240	$ 45,700	$ 297,959	$ (14,912)	$ 519,987

STATE OF HAWAII

Enterprise Funds Combining Statement of Changes in Financial Position (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Airports	Harbors	Housing	State Hospitals	Total
Uses of Working Capital					
Net increase (decrease) in restricted assets	$ (38,954)	$ 18,824	$ 44,360	$ 4,283	$ 28,513
Additions to property, plant and equipment	119,416	16,680	15,691	4,987	156,774
Increase in accrued interest receivable	-	-	204	-	204
Additions to mortgage loans receivable	-	-	20,547	-	20,547
Increase in notes and loans receivable	-	-	2,093	-	2,093
Increase in investments - U. S. Government securities	-	-	5,325	-	5,325
Increase in bond issue costs	-	294	1,253	-	1,547
Decrease in security deposits	-	-	69	-	69
Decrease in HUD-secured liabilities	-	-	1,757	-	1,757
Redemptions and current maturities of long-term debt	19,479	3,803	37,450	-	60,732
Increase in unamortized bond discount	-	311	-	-	311
Decrease in other noncurrent liabilities	-	-	574	-	574
Total Uses of Working Capital	99,941	39,912	129,323	9,270	278,446
Net Increase (Decrease) in Working Capital	$ 91,299	$ 5,788	$ 168,636	$ (24,182)	$ 241,541
Elements of Net Increase (Decrease) in Working Capital					
Current assets:					
Cash and short-term cash investments	138,387	6,122	103,855	(12,826)	235,538
Receivables	(13,613)	793	(1,144)	199	(13,765)
Due from General Fund	-	-	491	-	491
Due from Capital Projects Fund	-	(251)	1,685	-	1,434
Investments	-	-	20,858	-	20,858
Inventories	(14)	(1)	24,777	125	24,887
Unamortized bond issue costs, current portion	-	-	23	-	23
Prepaid expenses	(6)	-	(10)	(88)	(104)
Current liabilities:					
Vouchers and contracts payable	(7,961)	91	(721)	892	(7,699)
Other accrued liabilities	(213)	(115)	(9,220)	(12,471)	(22,019)
Prepaid airport use charge	7,842	-	-	-	7,842
Due to General Fund	-	1	-	-	1
Due to Capital Project Fund	-	(852)	-	-	(852)
Due to Federal Government, current portion	-	-	50	-	50
General obligation bonds payable, current portion	(19)	-	-	-	(19)
Liabilities collateralized by HUD annual contributions, current portion	-	-	27,992	-	27,992
Deferred revenue	(33,104)	-	-	-	(33,104)
Custodial funds and deposits	-	-	-	(13)	(13)
Net Increase (Decrease) in Working Capital	$ 91,299	$ 5,788	$ 168,636	$ (24,182)	$ 241,541

STATE OF HAWAII

Schedule F-4

Enterprise Funds
Schedule of Changes in Long-Term Bonded Indebtedness - Revenue Bonds

Last Three Fiscal Years

(Amounts in thousands)

Bonded indebtedness - revenue bonds (excluding unamortized bond discount) at June 30, 1986	$ 1,003,954
Less revenue bonds matured during the fiscal year ended June 30, 1987	126,895
	877,059
Add:	
Harbors Capital Improvement Revenue Bonds, Series of 1986	22,500
Hawaii Housing Authority, Series B of 1986	52,425
Bonded indebtedness - revenue bonds (excluding unamortized bond discount) at June 30, 1987	951,984
Less revenue bonds matured during the fiscal year ended June 30, 1988	65,298
	886,686
Add:	
Airports System Revenue Bonds, Series of 1987	85,000
Hawaii Housing Authority, Rental Housing System Revenue Bonds	14,950
Bonded indebtedness - revenue bonds (excluding unamortized bond discount) at June 30, 1988	986,636
Less revenue bonds matured during the fiscal year ended June 30, 1989	56,705
	929,931
Add:	
Harbors Capital Improvement Revenue Bonds, Series of 1989	21,200
Housing Finance and Development Corporation, Series A of 1988	70,000
Bonded indebtedness - revenue bonds (excluding unamortized bond discount) at June 30, 1989	1,021,131
Less unamortized bond discount	6,138
Bonded indebtedness - revenue bonds (net of unamortized bond discount) at June 30, 1989	$ 1,014,993

Bonded indebtedness - revenue bonds (net of unamortized bond discount) at June 30, 1989 are represented in the following Enterprise Funds:

Airports	$ 462,213
Harbors	110,589
Housing	442,191*
	$ 1,014,993

*Includes $28,741 of Low Income Housing Revenue Bonds included in liabilities collateralized by HUD annual contributions.

STATE OF HAWAII

Schedule F-5

Enterprise Funds
Schedule of Revenue Bonds Outstanding

Last Three Fiscal Years

(Amounts in thousands)

Purpose	Interest Rate	Maturity Date	Amount Outstanding June 30, 1987	Amount Outstanding June 30, 1988	Amount Outstanding June 30, 1989
Airports:					
Airports System Revenue Bonds, Series of 1969	Various	July 1, 1972/1994	$ 19,355	$ 15,990	$ 15,270
Airports System Revenue Bonds, Second Series of 1969	Various	July 1, 1972/1994	23,820	21,055	19,010
Airports System Revenue Bonds, Series of 1970	Various	July 1, 1973/1995	11,450	10,155	9,510
Airports System Revenue Bonds, Second Series of 1970	Various	July 1, 1973/1995	14,905	13,200	12,400
Airports System Revenue Bonds, Series of 1971	Various	July 1, 1976/1996	18,035	16,530	15,070
Airports System Revenue Bonds, Second Series of 1971	Various	July 1, 1976/1996	11,910	10,905	9,830
Airports System Revenue Bonds, Series of 1972	Various	July 1, 1977/1997	15,780	14,595	13,340
Airports System Revenue Bonds, Series of 1974	Various	July 1, 1979/1999	15,790	15,055	14,260
Airports System Revenue Bonds, Series of 1975	Various	July 1, 1979/2000	16,110	15,440	14,720
Airports System Revenue Bonds, Series of 1977	Various	July 1, 1978/2003	16,490	15,920	15,315
Airports Special Facility Revenue Bonds	Various	April 1, 1978/2005	9,580	9,325	9,050
Airports System Revenue Bonds, Refunding Series of 1983	Various	July 1, 1984/2008	93,080	91,240	89,340
Airports System Revenue Bonds, Series of 1983	Various	July 1, 1985/2013	49,610	49,385	49,140
Airports System Revenue Bonds, Series of 1984	Various	July 1, 1985/2004	64,750	64,460	64,135
Airports System Revenue Bonds, Series of 1986	Various	July 1, 1989/2004	35,000	35,000	35,000
Airports System Revenue Bonds, Series of 1987	Various	July 1, 1987/2004	-	85,000	82,185
			415,665	483,255	467,575
Harbors:					
Harbors, Issue of 1967	5.200%	July 1, 1973/1997	14,575	13,400	12,170
Harbors, Issue of 1978	Various	January 1, 1979/2008	18,075	17,670	17,240
Harbors Capital Improvement Revenue Bonds, Series of 1983	Various	July 1, 1984/2008	22,450	21,990	21,505
Harbors Special Facility Revenue Bonds	Various	September 1, 1983/2013	16,750	16,750	16,750
Harbors Capital Improvement Revenue Bonds, Series of 1986	Various	July 1, 1989/2011	22,500	22,500	22,500
Harbors Capital Improvement Revenue Bonds, Series of 1989	Various	July 1, 2013	-	-	21,200
			$ 94,350	$ 92,310	$ 111,365

STATE OF HAWAII

Enterprise Funds

Schedule of Revenue Bonds Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

			Amount Outstanding		
Purpose	Interest Rate	Maturity Date	June 30, 1987	June 30, 1988	June 30, 1989
Housing:					
Hawaii Housing Authority, Low Income Housing Bonds	Various	August 1, 1991/2009	$ 31,575	$ 30,192	$ 28,741
Hawaii Housing Authority, Series A of 1980	Various	July 1, 1980/2010	75,130	62,995	54,010
Hawaii Housing Authority, Series B of 1980	Various	December 31, 1980/2010	37,325	32,200	27,690
Hawaii Housing Authority, Series A of 1981	Various	July 1, 1983/1998	7,835	4,555	3,655
Hawaii Housing Authority, Series A of 1982	Various	July 1, 1983/2001	3,610	290	-
Hawaii Housing Authority, Series A of 1983	Various	July 1, 1984/2013	43,285	38,230	32,440
Hawaii Housing Authority, Series B of 1983	Various	July 1, 1985/2014	26,990	23,355	18,900
Hawaii Housing Authority, Series C of 1983	Various	July 1, 1985/2013	48,375	43,615	35,855
Hawaii Housing Authority, Series A of 1984	Various	July 1, 1985/2016	19,790	13,880	11,115
Hawaii Housing Authority, Series A of 1985	Various	July 1, 1988/2016	19,540	18,325	16,815
Hawaii Housing Authority, Series A of 1986	Various	July 1, 1991/2017	40,300	40,300	39,860
Hawaii Housing Authority, Series B of 1986	Various	July 1, 1989/2016	52,425	52,415	52,415
Housing Finance and Development Corporation, Series A of 1988	Various	July 1, 1996/2004	-	-	70,000
Multi-Family Housing Revenue Bonds	Various	December 1, 1986/1996	35,789	35,768	35,745
Rental Housing System Revenue Bonds, Series A of 1987	Various	July 1, 1990/2018	-	14,950	14,950
			441,969	411,070	442,191
Total bonded indebtedness - revenue bonds (excluding unamortized bond discount)			951,984	986,635	1,021,131
Less unamortized bond discount			5,509	6,249	6,138
Total bonded indebtedness - revenue bonds (net of unamortized bond discount)			$ 946,475	$ 980,386	$ 1,014,993

Bonded indebtedness - revenue bonds (net of unamortized bond discount) are represented in the following Enterprise Funds:

	June 30, 1987	June 30, 1988	June 30, 1989
Airports	$ 410,721	$ 477,528	$ 462,213
Harbors	93,785	91,788	110,589
Housing	441,969	411,070	442,191*
	$ 946,475	$ 980,386	$ 1,014,993

*Includes $28,741 of Low Income Housing Revenue Bonds included in liabilities collateralized by HUD annual contributions.

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds. The Trust and Agency Funds consist of the following:

> Expendable Trust Funds - primarily accounts for receipt of monies and payment of benefits for the unemployment compensation plan.
>
> Tax Collections - various taxes paid under protest are deposited in a trust account. Disposition of these funds are made once the Department of Taxation's Board of Review or the State courts have rendered a decision on the taxpayer's protest.
>
> Employee Benefits - accounts for the deferred compensation plan established for public employees. It also accounts for the Hawaii Public Employees Health Fund, which includes medical, dental and life insurance and the Hawaii State Employees U. S. Savings Bonds investment program.
>
> Custodial and Clearance - clearing accounts for tax and certain collections pending subsequent distribution.

STATE OF HAWAII

Exhibit G-1

Trust and Agency Funds Combining Balance Sheet

June 30, 1989

(Amounts in thousands)

		Agency Funds			
ASSETS	Expendable Trust Funds	Tax Collections	Employee Benefits	Custodial And Clearance	Total
Cash and short-term cash investments	$ 308,222	$ 3,778	$ 3,166	$ 115,774	$ 430,940
Investments:					
U. S. Government securities	5,364	-	-	5,998	11,362
Repurchase agreements	6,000	-	-	-	6,000
Corporate stocks	118	-	-	-	118
Total investments	11,482	-	-	5,998	17,480
Other assets - assets held by agents for State Deferred Compensation Plan	-	-	109,804	-	109,804
Total Assets	$ 319,704	$ 3,778	$ 112,970	$ 121,772	$ 558,224
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	61	3,344	-	459	3,864
Due to employees under State Deferred Compensation Plan	-	-	109,804	-	109,804
Due to individuals, businesses and counties	-	384	-	121,313	121,697
Due to Special Revenue Funds	-	50	-	-	50
Other	-	-	3,166	-	3,166
Total Liabilities	61	3,778	112,970	121,772	238,581
Fund Balances - reserved for:					
Unemployment compensation	301,602	-	-	-	301,602
Others	18,041	-	-	-	18,041
Total Fund Balances	319,643	-	-	-	319,643
Total Liabilities and Fund Balances	$ 319,704	$ 3,778	$ 112,970	$ 121,772	$ 558,224

STATE OF HAWAII

Exhibit G-2

Expendable Trust Funds Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balances

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

Revenues:	
Unemployment compensation tax	$ 52,649
Interest and investment income	23,919
Charges for current services	51
Intergovernmental	2,896
Donations, contributions and deposits	13,269
Other	159
Total Revenues	92,943
Expenditures:	
Personal services	1,614
Unemployment compensation	47,299
Other	10,324
Total Expenditures	59,237
Excess of Revenues over Expenditures	33,706
Other Changes in Unreserved-Undesignated Fund Balances - increase in reserve for unemployment compensation and others	(33,706)
Excess of Revenues over Expenditures and Other Changes in Unreserved-Undesignated Fund Balances	-
Unreserved-Undesignated Fund Balances, July 1, 1988	-
Unreserved-Undesignated Fund Balances, June 30, 1989	$ -

STATE OF HAWAII

Exhibit G-3

All Agency Funds
Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Balance, July 1, 1988	Additions	Deductions	Balance, June 30, 1989
Tax Collections				
Assets - cash	$ 4,971	$ 2,518,820	$ 2,520,013	$ 3,778
Liabilities:				
Vouchers payable	4,591	3,344	4,591	3,344
Due to individuals, businesses and counties.	380	2,518,820	2,518,816	384
Due to Special Revenue Funds	-	50	-	50
Total Liabilities	$ 4,971	$ 2,522,214	$ 2,523,407	$ 3,778
Employee Benefits				
Assets:				
Cash	2,381	93,162	92,377	3,166
Assets held by agents for State Deferred Compensation Plan	80,282	34,509	4,987	109,804
Total Assets	$ 82,663	$ 127,671	$ 97,364	$ 112,970
Liabilities:				
Vouchers payable	2	-	2	-
Due to employees under State Deferred Compensation Plan	80,282	34,509	4,987	109,804
Other	2,379	93,163	92,376	3,166
Total Liabilities	$ 82,663	$ 127,672	$ 97,365	$ 112,970
Custodial and Clearance				
Assets:				
Cash	73,959	1,292,912	1,251,097	115,774
Investments	5,996	17,992	17,990	5,998
Total Assets	$ 79,955	$ 1,310,904	$ 1,269,087	$ 121,772
Liabilities:				
Vouchers payable	965	459	965	459
Due to individuals, businesses and counties.	78,990	1,274,921	1,232,598	121,313
Total Liabilities	$ 79,955	$ 1,275,380	$ 1,233,563	$ 121,772

STATE OF HAWAII

All Agency Funds
Combining Statement of Changes in Assets and Liabilities (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Balance, July 1, 1988	Additions	Deductions	Balance, June 30, 1989
Total - All Agency Funds				
Assets:				
Cash	$ 81,311	$ 3,904,894	$ 3,863,487	$ 122,718
Investments	5,996	17,992	17,990	5,998
Assets held by agents for State Deferred Compensation Plan	80,282	34,509	4,987	109,804
Total Assets	$ 167,589	$ 3,957,395	$ 3,886,464	$ 238,520
Liabilities:				
Vouchers payable	5,558	3,803	5,558	3,803
Due to employees under State Deferred Compensation Plan	80,282	34,509	4,987	109,804
Due to individuals, businesses and counties.	79,370	3,793,741	3,751,414	121,697
Due to Special Revenue Funds	-	50	-	50
Other	2,379	93,163	92,376	3,166
Total Liabilities	$ 167,589	$ 3,925,266	$ 3,854,335	$ 238,520

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for the fixed assets of the State, excluding those in the custody of Enterprise Funds and University Funds.

Schedule H-1

General Fixed Assets Account Group
Schedule of General Fixed Assets

June 30, 1989

(Amounts in thousands)

General Fixed Assets:	
Land	$ 160,555
Buildings and improvements	1,092,213
Equipment	244,523
Construction in progress	66,578
Total General Fixed Assets	$ 1,563,869
Investment in General Fixed Assets	$ 1,563,869

Schedule H-2

General Fixed Assets Account Group
Schedule of Changes in General Fixed Assets

For The Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Land	Buildings And Improvements	Equipment	Construction In Progress	Total
Balance, July 1, 1988	$ 140,707	$ 1,052,850	$ 223,898	$ 42,059	$ 1,459,514
Additions	19,848	41,252	26,504	65,771	153,375
Deductions	-	1,889	5,879	41,252	49,020
Balance, June 30, 1989	$ 160,555	$ 1,092,213	$ 244,523	$ 66,578	$ 1,563,869

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The General Long-Term Obligations Account Group is used to account for all long-term obligations of the State, including general obligation bonds (except for those accounted for in the Enterprise and University Funds) and other long-term obligations.

STATE OF HAWAII

Schedule I-1

General Long-Term Obligations Account Group
Schedule of General Long-Term Obligations

June 30, 1989

(Amounts in thousands)

Amount Available and Resources to Be Provided in Future Years:		
Amount available in Debt Service Fund		$ 255
Resources to be provided in future years -		
Retirement of:		
General obligation bonds payable	$ 1,913,201	
Notes and installment contracts payable	6,573	
Capital lease obligation	3,322	
Accrued vacation payable	79,801	
Claims and judgments payable	3,400	
Total resources to be provided in future years		2,006,297
Total Amount Available and Resources to Be Provided in Future Years		$ 2,006,552
General Long-Term Obligations:		
Bonds payable - general obligation bonds payable		1,913,456
Notes and installment contracts payable:		
Note payable for Hawaiian Home Lands Projects	1,862	
Installment contracts payable	4,711	
Total notes and installment contracts payable		6,573
Capital lease obligation		3,322
Accrued vacation payable		79,801
Claims and judgments payable		3,400
Total General Long-Term Obligations		$ 2,006,552

General Long-Term Obligations Account Group Schedule of Changes in General Long-Term Obligations

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	General Obligation Bonds Payable	Notes and Installment Contracts Payable	Capital Lease Obligation	Accrued Vacation Payable	Claims and Judgments Payable	Total
Balance, July 1, 1988	$ 1,777,408	$ 10,640	$ 4,180	$ 70,808	$ 1,600	$ 1,864,636
Add:						
Bonds issued	270,001	-	-	-	-	270,001
Additions to installment contracts payable	-	1,026	-	-	-	1,026
Net increase in accrued vacation payable	-	-	-	8,993	-	8,993
Net increase in claims and judgments payable	-	-	-	-	1,800	1,800
	2,047,409	11,666	4,180	79,801	3,400	2,146,456
Less:						
Bonds retired	133,953	-	-	-	-	133,953
Retirement of notes payable	-	3,458	-	-	-	3,458
Retirement of installment contracts payable	-	1,635	-	-	-	1,635
Retirement of capital lease obligation	-	-	858	-	-	858
Balance, June 30, 1989	$ 1,913,456	$ 6,573	$ 3,322	$ 79,801	$ 3,400	$ 2,006,552

STATE OF HAWAII

Schedule I-3

Schedule of Changes in Long-Term Bonded Indebtedness - General Obligation Bonds

Last Three Fiscal Years

(Amounts in thousands)

Bonded indebtedness - general obligation bonds at June 30, 1986	$ 1,734,971
Less:	
General obligation bonds matured during the fiscal year ended June 30, 1987	128,434
General obligation bonds, Series AU, October 1, 1982, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	49,980
General obligation bonds, Series AW, June 1, 1983, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	49,980
General obligation bonds, Series AY, April 1, 1984, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	54,150
General obligation bonds, Series AZ, October 1, 1984, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	58,320
General obligation bonds, Series AV, March 1, 1983, extinguished by general obligation refunding bonds of 1987, Series BI, March 1, 1987	49,980
General obligation bonds, Series AX, October 1, 1983, extinguished by general obligation refunding bonds of 1987, Series BI, March 1, 1987	54,150
	1,289,977
Add:	
General obligation bonds issued, August 1, 1986	80,000
General obligation bonds issued, November 1, 1986	252,090
General obligation bonds issued, March 1, 1987	201,610
Bonded indebtedness - general obligation bonds at June 30, 1987	1,823,677
Less - general obligation bonds matured during the fiscal year ended June 30, 1988	135,694
	1,687,983
Add:	
General obligation bonds issued, December 1, 1987	80,000
General obligation bonds issued, April 1, 1988	80,000
Bonded indebtedness - general obligation bonds at June 30, 1988	1,847,983
Less - general obligation bonds matured during the fiscal year ended June 30, 1989	139,944
	1,708,039
Add:	
General obligation bonds issued, December 6, 1988	110,000
General obligation bonds issued, June 1, 1989	160,000
Bonded indebtedness - general obligation bonds at June 30, 1989	$ 1,978,039
Bonded indebtedness - general obligation bonds at June 30, 1989 are reflected in the following account group and funds:	
General Long-Term Obligations Account Group	$ 1,913,456
Enterprise Funds	38,557
University Funds	26,026
	$ 1,978,039

STATE OF HAWAII

Schedule I-4

Schedule of General Obligation Bonds Outstanding

Last Three Fiscal Years

(Amounts in thousands)

			Amount Outstanding		
Date Of Issue	**Interest Rate**	**Maturity Date**	**June 30, 1987**	**June 30, 1988**	**June 30, 1989**
November 1, 1963	3.500%	May and November 1, 1985/1988	$ 2,640	$ 880	$ -
September 1, 1967	4.100	September 1, 1983/1987	450	-	-
November 1, 1967	4.350	November 1, 1986/1987	1,110	-	-
March 1, 1968	4.500	March 1, 1986/1988	1,665	-	-
September 1, 1968	4.350	September 1, 1987/1988	4,220	2,110	-
March 1, 1969	5.200	March 1, 1987/1989	3,330	1,665	-
September 1, 1969	3.000	September 1, 1972/1989	645	430	215
April 1, 1970	6.400	April 1, 1987/1988	1,665	-	-
April 1, 1970	5.500	April 1, 1989/1990	3,330	3,330	1,665
October 1, 1970	6.400	October 1, 1987	3,055	-	-
October 1, 1970	6.500	October 1, 1988	3,055	3,055	-
October 1, 1970	5.500	October 1, 1989/1990	6,110	6,110	6,110
March 1, 1971	5.000	March 1, 1988/1989	6,110	3,055	-
March 1, 1971	4.000	March 1, 1990/1991	6,110	6,110	6,110
September 1, 1971	5.100	September 1, 1987/1988	6,110	3,055	-
September 1, 1971	5.000	September 1, 1989	3,055	3,055	3,055
September 1, 1971	4.250	September 1, 1990/1991	6,110	6,110	6,110
February 1, 1972	5.000	February 1, 1987/1990	9,165	6,110	3,055
February 1, 1972	4.250	February 1, 1991/1992	6,110	6,110	6,110
August 1, 1972	5.000	August 1, 1975/1992	770	660	540
August 1, 1972	5.100	August 1, 1987	3,055	-	-
August 1, 1972	5.200	August 1, 1988	3,055	3,055	-
August 1, 1972	5.250	August 1, 1989/1990	6,110	6,110	6,110
August 1, 1972	5.400	August 1, 1991	3,055	3,055	3,055
August 1, 1972	5.000	August 1, 1992	3,055	3,055	3,055
August 1, 1972	4.000	August 1, 1993/2007	3,380	3,380	3,380
February 1, 1973	4.800	February 1, 1987/1988	3,055	-	-
February 1, 1973	4.900	February 1, 1989/1990	6,110	6,110	3,055
February 1, 1973	5.000	February 1, 1991/1992	6,110	6,110	6,110
February 1, 1973	4.000	February 1, 1993	3,055	3,055	3,055
June 1, 1973	4.800	June 1, 1987/1988	4,165	-	-
June 1, 1973	4.900	June 1, 1989/1990	8,330	8,330	4,165
June 1, 1973	5.000	June 1, 1991/1993	12,495	12,495	12,495
December 1, 1973	4.800	December 1, 1987	1,945	-	-
December 1, 1973	4.900	December 1, 1988	1,945	1,945	-
December 1, 1973	5.000	December 1, 1989/1993	9,725	9,725	9,725
April 1, 1974	5.500	April 1, 1987/1989	8,330	4,165	-
April 1, 1974	5.600	April 1, 1990/1991	8,330	8,330	8,330
April 1, 1974	5.700	April 1, 1992	4,165	4,165	4,165
April 1, 1974	5.750	April 1, 1993	4,165	4,165	4,165

STATE OF HAWAII

Schedule of General Obligation Bonds Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

			Amount Outstanding		
Date Of Issue	Interest Rate	Maturity Date	June 30, 1987	June 30, 1988	June 30, 1989
April 1, 1974	5.000	April 1, 1994	$ 4,165	$ 4,165	$ 4,165
March 1, 1975	6.200	March 1, 1988	4,165	-	-
March 1, 1975	6.300	March 1, 1989	4,165	4,165	-
March 1, 1975	6.400	March 1, 1990	4,165	4,165	4,165
March 1, 1975	6.500	March 1, 1991/1993	12,495	12,495	12,495
March 1, 1975	5.750	March 1, 1994/1995	8,330	8,330	8,330
September 1, 1975	6.200	September 1, 1987	4,165	-	-
September 1, 1975	6.300	September 1, 1988	4,165	4,165	-
September 1, 1975	6.400	September 1, 1989	4,165	4,165	4,165
September 1, 1975	6.500	September 1, 1990	4,165	4,165	4,165
September 1, 1975	6.600	September 1, 1991	4,165	4,165	4,165
September 1, 1975	6.700	September 1, 1992	4,165	4,165	4,165
September 1, 1975	6.800	September 1, 1993	4,165	4,165	4,165
September 1, 1975	6.000	September 1, 1994/1995	8,330	8,330	8,330
November 1, 1975	6.000	November 1, 1987	2,780	-	-
November 1, 1975	6.100	November 1, 1988	2,775	2,775	-
November 1, 1975	6.300	November 1, 1989	2,775	2,775	2,775
November 1, 1975	6.400	November 1, 1990	2,775	2,775	2,775
November 1, 1975	6.500	November 1, 1991/1993	8,325	8,325	8,325
November 1, 1975	5.500	November 1, 1994/1995	5,550	5,550	5,550
March 1, 1976	5.900	March 1, 1988	4,165	-	-
March 1, 1976	6.000	March 1, 1989	4,165	4,165	-
March 1, 1976	6.100	March 1, 1990	4,165	4,165	4,165
March 1, 1976	6.200	March 1, 1991	4,165	4,165	4,165
March 1, 1976	6.250	March 1, 1992	4,165	4,165	4,165
March 1, 1976	6.000	March 1, 1993/1994	8,330	8,330	8,330
March 1, 1976	5.500	March 1, 1995/1996	8,330	8,330	8,330
June 1, 1976	5.750	June 1, 1988	4,165	-	-
June 1, 1976	5.800	June 1, 1989	4,165	4,165	-
June 1, 1976	6.000	June 1, 1990/1991	8,330	8,330	8,330
June 1, 1976	6.200	June 1, 1992/1993	8,330	8,330	8,330
June 1, 1976	6.000	June 1, 1994	4,165	4,165	4,165
June 1, 1976	5.500	June 1, 1995/1996	8,330	8,330	8,330
September 1, 1976	7.000	September 1, 1977/1987	205	-	-
September 1, 1976	6.500	March 1, 1988/September 1, 1988	425	215	-
September 1, 1976	6.000	March 1, 1989/September 1, 1998	6,115	6,115	5,890
September 1, 1976	6.100	March 1, 1999/September 1, 1999	850	850	850
September 1, 1976	6.200	March 1, 2000/September 1, 2003	3,990	3,990	3,990
September 1, 1976	6.250	March 1, 2004/September 1, 2005	2,405	2,405	2,405
September 1, 1976	6.300	March 1, 2006/September 1, 2007	2,730	2,730	2,730

STATE OF HAWAII

Schedule of General Obligation Bonds Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

			Amount Outstanding		
Date Of Issue	Interest Rate	Maturity Date	June 30, 1987	June 30, 1988	June 30, 1989
September 1, 1976	6.000	March 1, 2008/September 1, 2011	$ 6,605	$ 6,605	$ 6,605
December 1, 1976	4.700	December 1, 1987	4,165	-	-
December 1, 1976	4.800	December 1, 1988	4,165	4,165	-
December 1, 1976	4.900	December 1, 1989	4,165	4,165	4,165
December 1, 1976	5.000	December 1, 1990/1992	12,495	12,495	12,495
December 1, 1976	5.200	December 1, 1993/1994	8,330	8,330	8,330
December 1, 1976	4.500	December 1, 1995/1996	8,330	8,330	8,330
April 1, 1977	4.800	April 1, 1988	4,165	-	-
April 1, 1977	4.900	April 1, 1989	4,165	4,165	-
April 1, 1977	5.000	April 1, 1990	4,165	4,165	4,165
April 1, 1977	5.100	April 1, 1991	4,165	4,165	4,165
April 1, 1977	5.200	April 1, 1992	4,165	4,165	4,165
April 1, 1977	5.250	April 1, 1993/1994	8,330	8,330	8,330
April 1, 1977	5.500	April 1, 1995	4,165	4,165	4,165
April 1, 1977	5.000	April 1, 1996	4,165	4,165	4,165
April 1, 1977	4.500	April 1, 1997	4,165	4,165	4,165
August 1, 1977	4.600	August 1, 1987	4,165	-	-
August 1, 1977	4.700	August 1, 1988	4,165	4,165	-
August 1, 1977	4.800	August 1, 1989	4,165	4,165	4,165
August 1, 1977	4.900	August 1, 1990	4,165	4,165	4,165
August 1, 1977	5.000	August 1, 1991/1992	8,330	8,330	8,330
August 1, 1977	5.100	August 1, 1993/1994	8,330	8,330	8,330
August 1, 1977	5.200	August 1, 1995/1996	8,330	8,330	8,330
August 1, 1977	4.250	August 1, 1997	4,165	4,165	4,165
February 1, 1978	5.000	February 1, 1985/1989	8,330	4,165	-
February 1, 1978	5.100	February 1, 1990/1991	8,330	8,330	8,330
February 1, 1978	5.200	February 1, 1992	4,165	4,165	4,165
February 1, 1978	5.250	February 1, 1993/1998	24,990	24,990	24,990
June 1, 1978	5.100	June 1, 1987/1988	4,165	-	-
June 1, 1978	5.200	June 1, 1989	4,165	4,165	-
June 1, 1978	5.250	June 1, 1990	4,165	4,165	4,165
June 1, 1978	5.300	June 1, 1991	4,165	4,165	4,165
June 1, 1978	5.400	June 1, 1992	4,165	4,165	4,165
June 1, 1978	5.500	June 1, 1993/1994	8,330	8,330	8,330
June 1, 1978	5.600	June 1, 1995/1997	12,495	12,495	12,495
June 1, 1978	5.000	June 1, 1998	4,165	4,165	4,165
February 1, 1979	5.900	February 1, 1983/1994	29,155	24,990	20,825
February 1, 1979	6.000	February 1, 1995/1999	20,825	20,825	20,825
July 1, 1979	5.600	July 1, 1984/1988	8,335	4,165	-
July 1, 1979	5.700	July 1, 1989/1994	24,990	24,990	24,990

STATE OF HAWAII

Schedule of General Obligation Bonds Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

			Amount Outstanding		
Date Of Issue	Interest Rate	Maturity Date	June 30, 1987	June 30, 1988	June 30, 1989
July 1, 1979	5.750	July 1, 1995/1997	$ 12,495	$ 12,495	$ 12,495
July 1, 1979	5.900	July 1, 1998/1999	8,330	8,330	8,330
June 1, 1980	6.300	June 1, 1984/1991	16,665	12,495	8,330
June 1, 1980	6.400	June 1, 1992/1993	8,330	8,330	8,330
June 1, 1980	6.500	June 1, 1994	4,165	4,165	4,165
June 1, 1980	6.600	June 1, 1995	4,165	4,165	4,165
June 1, 1980	6.750	June 1, 1996/1997	8,330	8,330	8,330
June 1, 1980	7.000	June 1, 1998	4,165	4,165	4,165
June 1, 1980	7.100	June 1, 1999/2000	8,330	8,330	8,330
October 1, 1982	9.100	October 1, 1985/1992	16,680	12,510	8,340
March 1, 1983	7.750	March 1, 1986/1988	4,170	-	-
March 1, 1983	8.000	March 1, 1989/1993	12,510	12,510	8,340
June 1, 1983	8.800	June 1, 1987/1995	16,680	12,510	8,340
October 1, 1983	8.400	October 1, 1986/1991	16,680	12,510	8,340
April 1, 1984	9.100	April 1, 1987/1992	16,680	12,510	8,340
October 1, 1984	9.250	October 1, 1987/1990	16,680	12,510	8,340
March 1, 1985	8.400	March 1, 1986/1993	55,565	46,300	37,040
March 1, 1985	8.500	March 1, 1994	9,260	9,260	9,260
March 1, 1985	8.700	March 1, 1995	9,260	9,260	9,260
March 1, 1985	8.800	March 1, 1996	9,260	9,260	9,260
March 1, 1985	9.000	March 1, 1997	9,260	9,260	9,260
March 1, 1985	9.100	March 1, 1998	9,260	9,260	9,260
March 1, 1985	9.300	March 1, 1999	9,260	9,260	9,260
March 1, 1985	9.375	March 1, 2000/2002	27,780	27,780	27,780
June 1, 1985	8.000	June 1, 1988/2005	75,000	70,830	66,660
July 1, 1985	7.300	July 1, 1986/1987	4,685	-	-
July 1, 1985	7.400	July 1, 1988/1993	28,090	28,090	23,405
July 1, 1985	7.600	July 1, 1994	4,680	4,680	4,680
July 1, 1985	7.750	July 1, 1995/1996	9,360	9,360	9,360
July 1, 1985	8.000	July 1, 1997/2001	23,400	23,400	23,400
November 1, 1985	7.700	November 1, 1988/1994	29,185	29,185	25,015
November 1, 1985	7.800	November 1, 1995	4,165	4,165	4,165
November 1, 1985	8.000	November 1, 1996	4,165	4,165	4,165
November 1, 1985	8.200	November 1, 1997	4,165	4,165	4,165
November 1, 1985	8.300	November 1, 1998	4,165	4,165	4,165
November 1, 1985	8.400	November 1, 1999	4,165	4,165	4,165
November 1, 1985	8.500	November 1, 2000/2005	24,990	24,990	24,990
March 1, 1986	6.250	March 1, 1989/1997	37,515	37,515	33,345
March 1, 1986	6.300	March 1, 1998	4,165	4,165	4,165
March 1, 1986	6.400	March 1, 1999	4,165	4,165	4,165

STATE OF HAWAII

Schedule of General Obligation Bonds Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

			Amount Outstanding		
Date Of Issue	Interest Rate	Maturity Date	June 30, 1987	June 30, 1988	June 30, 1989
March 1, 1986	6.500	March 1, 2000	$ 4,165	$ 4,165	$ 4,165
March 1, 1986	6.600	March 1, 2001/2006	24,990	24,990	24,990
August 1, 1986	6.900	August 1, 1989/1997	40,005	40,005	40,005
August 1, 1986	7.000	August 1, 1998/1999	8,890	8,890	8,890
August 1, 1986	7.100	August 1, 2000/2006	31,105	31,105	31,105
November 1, 1986	6.000	November 1, 1991/1996	116,360	116,360	116,360
November 1, 1986	6.100	November 1, 1997	19,390	19,390	19,390
November 1, 1986	6.300	November 1, 1998	19,390	19,390	19,390
November 1, 1986	6.400	November 1, 1999	19,390	19,390	19,390
November 1, 1986	6.600	November 1, 2000	19,390	19,390	19,390
November 1, 1986	6.700	November 1, 2001	19,390	19,390	19,390
November 1, 1986	6.750	November 1, 2002	19,390	19,390	19,390
November 1, 1986	6.800	November 1, 2003	19,390	19,390	19,390
March 1, 1987	5.400	March 1, 1990/1994	22,225	22,225	22,225
March 1, 1987	5.500	March 1, 1995/1997	13,335	13,335	13,335
March 1, 1987	5.600	March 1, 1998	4,445	4,445	4,445
March 1, 1987	5.700	March 1, 1999	4,445	4,445	4,445
March 1, 1987	5.800	March 1, 2000	4,445	4,445	4,445
March 1, 1987	5.900	March 1, 2001	4,445	4,445	4,445
March 1, 1987	6.000	March 1, 2002/2007	26,660	26,660	26,660
March 1, 1987	5.400	March 1, 1992/1994	28,065	28,065	28,065
March 1, 1987	5.500	March 1, 1995/1997	28,065	28,065	28,065
March 1, 1987	5.600	March 1, 1998	9,355	9,355	9,355
March 1, 1987	5.700	March 1, 1999	9,355	9,355	9,355
March 1, 1987	5.800	March 1, 2000	9,355	9,355	9,355
March 1, 1987	5.900	March 1, 2001	9,355	9,355	9,355
March 1, 1987	6.000	March 1, 2002/2004	28,060	28,060	28,060
December 1, 1987	6.750	December 1, 1990/1997	-	35,560	35,560
December 1, 1987	6.800	December 1, 1998	-	4,445	4,445
December 1, 1987	6.900	December 1, 1999	-	4,445	4,445
December 1, 1987	7.000	December 1, 2000	-	4,445	4,445
December 1, 1987	7.100	December 1, 2001	-	4,445	4,445
December 1, 1987	7.250	December 1, 2002	-	4,445	4,445
December 1, 1987	7.400	December 1, 2003	-	4,445	4,445
December 1, 1987	7.500	December 1, 2004	-	4,445	4,445
December 1, 1987	7.600	December 1, 2005	-	4,445	4,445
December 1, 1987	7.650	December 1, 2006	-	4,440	4,440
December 1, 1987	7.700	December 1, 2007	-	4,440	4,440
April 1, 1988	6.125	April 1, 1991/1995	-	22,225	22,225
April 1, 1988	6.250	April 1, 1996	-	4,445	4,445

STATE OF HAWAII

Schedule of General Obligation Bonds Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

			Amount Outstanding		
Date Of Issue	Interest Rate	Maturity Date	June 30, 1987	June 30, 1988	June 30, 1989
April 1, 1988	6.400	April 1, 1997	$ -	$ 4,445	$ 4,445
April 1, 1988	6.500	April 1, 1998	-	4,445	4,445
April 1, 1988	6.600	April 1, 1999	-	4,445	4,445
April 1, 1988	6.750	April 1, 2000	-	4,445	4,445
April 1, 1988	6.800	April 1, 2001	-	4,445	4,445
April 1, 1988	7.000	April 1, 2002	-	4,445	4,445
April 1, 1988	7.100	April 1, 2003	-	4,445	4,445
April 1, 1988	7.200	April 1, 2004	-	4,445	4,445
April 1, 1988	7.300	April 1, 2005	-	4,445	4,445
April 1, 1988	7.400	April 1, 2006/2007	-	8,885	8,885
April 1, 1988	7.500	April 1, 2008	-	4,440	4,440
December 6, 1988	6.581	December 1, 1993	-	-	4,059
December 6, 1988	6.681	December 1, 1994	-	-	4,065
December 6, 1988	6.781	December 1, 1995	-	-	4,061
December 6, 1988	6.881	December 1, 1996	-	-	4,066
December 6, 1988	6.981	December 1, 1997	-	-	4,059
December 6, 1988	7.081	December 1, 1998	-	-	4,065
December 6, 1988	7.181	December 1, 1999	-	-	4,061
December 6, 1988	7.281	December 1, 2000	-	-	4,065
December 6, 1988	7.381	December 1, 2001	-	-	4,059
December 6, 1988	7.481	December 1, 2002	-	-	4,065
December 6, 1988	7.581	December 1, 2003	-	-	4,060
December 6, 1988	7.631	December 1, 2004	-	-	4,065
December 6, 1988	7.681	December 1, 2005/2008	-	-	16,250
December 6, 1988	12.000	December 1, 1993/1997	-	-	45,000
June 1, 1989	7.000	June 1, 1992/2005	-	-	124,460
June 1, 1989	7.050	June 1, 2006/2007	-	-	17,770
June 1, 1989	7.100	June 1, 2008/2009	-	-	17,770
Halawa Jail Bonds (transferred from City and County of Honolulu) - various	Various	Various	57	43	29
Total bonded indebtedness - general obligation bonds			**$ 1,823,677**	**$ 1,847,983**	**$ 1,978,039**
Bonded indebtedness - general obligation bonds are reflected in the following account group and funds:					
General Long-Term Obligations Account Group			$ 1,746,657	$ 1,777,40[illegible]	$ 1,913,456
Enterprise Funds			49,923	43,997	38,557
University Funds			27,097	26,578	26,026
			$ 1,823,677	$ 1,847,983	$ 1,978,039

STATE OF HAWAII

Schedule I-5

Schedule of Matured General Obligation Bonds Outstanding

Last Three Fiscal Years

(Amounts in thousands)

Date Of Issue	Matured Bonds Outstanding June 30, 1986	Fiscal Year Ended June 30, 1987 Maturities	Fiscal Year Ended June 30, 1987 Redemptions	Matured Bonds Outstanding June 30, 1987
May 1, 1956	$ 1	$ -	$ -	$ 1
May 15, 1957	5	-	-	5
November 1, 1963	155	1,760	1,750	165
June 1, 1966	60	-	10	50
May 15, 1967	-	1,110	1,090	20
September 1, 1967	-	450	450	-
November 1, 1967	-	1,110	1,110	-
March 1, 1968	1,630	1,665	3,295	-
September 1, 1968	-	2,110	2,110	-
March 1, 1969	350	1,665	1,825	190
September 1, 1969	-	215	215	-
April 1, 1970	50	1,665	1,715	-
October 1, 1970	-	3,055	3,055	-
March 1, 1971	695	3,055	2,995	755
September 1, 1971	-	3,055	2,925	130
February 1, 1972	15	3,055	3,055	15
August 1, 1972	-	3,160	3,160	-
February 1, 1973	40	3,055	3,065	30
June 1, 1973	30	4,165	4,140	55
December 1, 1973	100	1,945	1,945	100
April 1, 1974	100	4,165	4,165	100
March 1, 1975	10	4,165	4,045	130
September 1, 1975	-	4,165	4,165	-
November 1, 1975	-	2,780	2,770	10
March 1, 1976	15	4,165	4,130	50
June 1, 1976	500	4,165	4,215	450
September 1, 1976	-	385	385	-
December 1, 1976	25	4,165	4,130	60
April 1, 1977	-	4,165	4,165	-
August 1, 1977	-	4,165	4,165	-
February 1, 1978	-	4,165	4,015	150
June 1, 1978	85	4,165	4,200	50
February 1, 1979	150	4,170	4,170	150
July 1, 1979	-	4,170	4,170	-
June 1, 1980	3,570	4,170	3,780	3,960
October 1, 1982	-	4,170	4,170	-
March 1, 1983	-	4,170	4,045	125
June 1, 1983	4,170	4,170	8,340	-
October 1, 1983	-	4,170	4,170	-
April 1, 1984	-	4,170	4,170	-
October 1, 1984	-	-	-	-
March 1, 1985	-	9,265	9,265	-
June 1, 1985	-	-	-	-
July 1, 1985	-	4,685	4,685	-
November 1, 1985	-	-	-	-
March 1, 1986	-	-	-	-
Halawa Jail Bonds - various	-	14	14	-
	$ 11,756	$ 128,434	$ 133,439	$ 6,751

Fiscal Year Ended June 30, 1988		Matured Bonds Outstanding June 30, 1988	Fiscal Year Ended June 30, 1989		Matured Bonds Outstanding June 30, 1989
Maturities	Redemptions		Maturities	Redemptions	
$ -	$ -	$ 1	$ -	$ -	$ 1
-	-	5	-	-	5
1,760	840	1,085	880	1,770	195
-	-	50	-	-	50
-	-	20	-	20	-
450	440	10	-	-	10
1,110	1,110	-	-	-	-
1,665	1,665	-	-	-	-
2,110	2,110	-	2,110	2,105	5
1,665	1,640	215	1,665	1,635	245
215	215	-	215	215	-
1,665	1,655	10	1,665	1,675	-
3,055	3,055	-	3,055	3,045	10
3,055	715	3,095	3,055	5,130	1,020
3,055	3,055	130	3,055	3,045	140
3,055	3,055	15	3,055	3,060	10
3,165	3,165	-	3,175	3,175	-
3,055	3,085	-	3,055	3,055	-
4,165	4,100	120	4,165	4,160	125
1,945	1,875	170	1,945	1,985	130
4,165	4,125	140	4,165	4,295	10
4,165	4,225	70	4,165	4,235	-
4,165	4,165	-	4,165	4,165	-
2,780	2,790	-	2,775	2,775	-
4,165	4,200	15	4,165	4,165	15
4,165	4,585	30	4,165	4,110	85
415	415	-	440	440	-
4,165	3,635	590	4,165	3,495	1,260
4,165	4,165	-	4,165	4,165	-
4,165	3,965	200	4,165	4,365	-
4,165	4,115	200	4,165	4,190	175
4,165	4,130	85	4,165	4,175	75
4,165	4,315	-	4,165	4,165	-
4,170	4,170	-	4,165	4,165	-
4,170	6,885	1,245	4,165	4,280	1,130
4,170	4,170	-	4,170	4,170	-
4,170	4,170	125	4,170	4,295	-
4,170	4,170	-	4,170	4,095	75
4,170	4,170	-	4,170	4,120	50
4,170	4,170	-	4,170	4,165	5
4,170	4,170	-	4,170	4,170	-
9,265	9,215	50	9,260	9,310	-
4,170	4,170	-	4,170	4,170	-
4,685	4,685	-	4,685	4,685	-
-	-	-	4,170	4,170	-
-	-	-	4,170	4,170	-
14	14	-	14	-	14
$ 135,694	$ 134,769	$ 7,676	$ 139,944	$ 142,780	$ 4,840

UNIVERSITY FUNDS

The University Funds are used to account for all transactions relating to public institutions of higher education. The University Funds are comprised of the following:

- Universities:
    - University of Hawaii at Hilo
    - University of Hawaii at Manoa
    - University of Hawaii at West Oahu
- Community colleges:
    - Hawaii Community College
    - Honolulu Community College
    - Kapiolani Community College
    - Kauai Community College
    - Leeward Community College
    - Maui Community College
    - Windward Community College

STATE OF HAWAII

Exhibit J-1

University Funds
Combining Balance Sheet

June 30, 1989

(Amounts in thousands)

ASSETS	Current Funds		Loan Funds	Endowment Funds	Agency Funds
	Unrestricted	Restricted			
Cash and short-term cash investments	$ 40,013	$ 6,303	$ 1,868	$ 3,870	$ 245
Receivables:					
Accounts and accrued interest (net of allowance for doubtful accounts of $166)	2,102	3,842	46	294	262
Notes (net of allowance for doubtful accounts of $3,649)	-	-	14,696	-	-
Claims - Federal grants	1	10,987	-	-	-
Other	-	-	-	220	-
Due from Internal University Funds	337	-	-	-	-
Due from General Fund	28,980	-	-	-	-
Investments	-	-	-	21,050	-
Inventory	7,710	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Prepaid expenses	218	-	-	-	-
Total Assets	$ 79,361	$ 21,132	$ 16,610	$ 25,434	$ 507
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers and contracts payable	8,573	4,093	-	458	368
Other accrued liabilities	19,294	2,176	16	-	-
Due to Internal University Funds	477	-	-	-	-
Advances from Federal Government	4	5,828	-	-	-
Installment contracts payable	-	-	-	-	-
Deferred revenue	7,767	-	-	-	-
Revenue bonds payable	-	-	-	-	-
General obligation bonds payable	-	-	-	-	-
Other	31	5,348	-	-	139
Total Liabilities	36,146	17,445	16	458	507
Fund Balances:					
Investment in fixed assets	-	-	-	-	-
Federal grants refundable	-	-	9,753	-	-
University Funds:					
Restricted	-	3,687	6,841	24,976	-
Unrestricted	43,215	-	-	-	-
Total Fund Balances	43,215	3,687	16,594	24,976	-
Total Liabilities and Fund Balances	$ 79,361	$ 21,132	$ 16,610	$ 25,434	$ 507

Plant Funds				
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Total
$ 2,780	$ 4,005	$ 728	$ -	$ 59,812
-	-	11	-	6,557
-	-	-	-	14,696
50	-	119	-	11,157
-	-	105	1,916	2,241
-	-	477	-	814
-	-	-	-	28,980
-	-	979	-	22,029
-	-	-	-	7,710
-	-	-	640,814	640,814
-	-	-	-	218
$ 2,830	$ 4,005	$ 2,419	$ 642,730	$ 795,028
5	11	-	-	13,508
-	-	626	-	27,112
-	-	337	-	814
67	-	-	-	1,899
-	-	-	1,416	1,416
-	-	-	-	7,767
-	-	-	6,682	6,682
-	-	-	26,026	26,026
-	-	-	-	5,518
72	11	963	34,124	89,742
2,758	3,994	1,456	608,606	616,814
-	-	-	-	9,753
-	-	-	-	35,504
-	-	-	-	43,215
2,758	3,994	1,456	608,606	705,286
$ 2,830	$ 4,005	$ 2,419	$ 642,730	$ 795,028

STATE OF HAWAII

Exhibit J-2

University Funds
Combining Statement of Revenues, Expenditures, Interfund Transfers, Operating Transfers and Changes in Fund Balances

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Current Funds		Loan	Endowment
	Unrestricted	Restricted	Funds	Funds
Revenues and Other Additions:				
Educational and general revenues:				
Tuition and fees	$ 14,672	$ -	$ -	$ -
Federal appropriations, grants and contracts	3,960	66,647	360	-
State and local grants and contracts	74	6,319	-	-
Private gifts, grants and contracts	-	6,119	-	2
Sales and services	-	7	-	-
Endowment income and others	80	1,258	-	-
Auxiliary enterprises revenues	38,433	-	-	-
Investment income	-	-	565	117
Expended for plant facilities	-	-	-	-
Contributions for plant facilities	-	-	-	-
Contributions for renewals and replacements	-	-	-	-
Contributions for debt retirement	-	-	-	-
Other	8,286	341	1	-
Total Revenues and Other Additions	65,505	80,691	926	119
Expenditures and Other Deductions:				
Educational and general expenditures:				
Instruction	128,073	9,403	-	-
Research	38,473	46,363	-	-
Public service	13,109	11,874	-	-
Academic support	36,318	2,083	-	-
Student services	15,019	2,287	-	-
Institutional support	23,740	823	-	-
Operation and maintenance of plant	34,823	14	-	-
Scholarships and fellowships	314	7,319	-	-
Auxiliary enterprises expenditures	35,526	-	-	-
Independent operation expenditures	1,656	396	-	-
Expenditures for plant facilities	-	-	-	-
Loan cancellations, write-offs and allowance for uncollectible loans	-	-	854	-
Debt retirement and interest	-	-	-	-
Disposal and write-off of plant facilities	-	-	-	-
Other	-	-	124	-
Total Expenditures and Other Deductions	$ 327,051	$ 80,562	$ 978	$ -

Plant Funds				
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Total
$ -	$ -	$ -	$ -	$ 14,672
440	-	349	-	71,756
-	-	-	-	6,393
-	-	-	1,160	7,281
-	-	-	-	7
-	-	-	-	1,338
-	-	-	-	38,433
-	7	100	-	789
-	-	-	23,955	23,955
-	-	-	17,798	17,798
-	14	-	-	14
-	-	169	1,077	1,246
-	-	-	1,143	9,771
440	21	618	45,133	193,453
-	-	-	-	137,476
-	-	-	-	84,836
-	-	-	-	24,983
-	-	-	-	38,401
-	-	-	-	17,306
-	-	-	-	24,563
-	-	-	-	34,837
-	-	-	-	7,633
-	-	-	-	35,526
-	-	-	-	2,052
2,439	275	-	-	2,714
-	-	-	-	854
-	-	3,046	-	3,046
-	-	-	21,074	21,074
-	-	5	-	129
$ 2,439	$ 275	$ 3,051	$ 21,074	$ 435,430

STATE OF HAWAII

University Funds
Combining Statement of Revenues, Expenditures, Interfund Transfers, Operating Transfers and Changes in Fund Balances (Cont'd)

For the Fiscal Year Ended June 30, 1989

(Amounts in thousands)

	Current Funds		Loan	Endowment
	Unrestricted	Restricted	Funds	Funds
University Interfund Transfers In (Out):				
Mandatory:				
Principal and interest	$ (1,984)	$ -	$ -	$ -
Renewals and replacements	(190)	-	-	-
Contributions to Loans Funds	(40)	-	40	-
Voluntary:				
Renewals and replacements	(1,256)	-	-	-
Quasi-endowment - unrestricted principal	(1,419)	-	-	1,419
Quasi-endowment - restricted principal	-	(16)	-	16
Reinvestment of endowment income	(80)	(25)	-	105
Contributions to Loan Funds	(438)	26	412	-
Total University Interfund Transfers In (Out)	(5,407)	(15)	452	1,540
Operating Transfers In:				
General Fund	275,584	114	-	-
Capital Projects Fund	-	-	-	-
Total Operating Transfers In	275,584	114	-	-
Net Increase (Decrease) in Fund Balances	8,631	228	400	1,659
Fund Balances, July 1, 1988	34,584	3,459	16,194	23,317
Fund Balances, June 30, 1989	$ 43,215	$ 3,687	$ 16,594	$ 24,976

Plant Funds				
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Total
$ -	$ -	$ 1,984	$ -	$ -
-	190	-	-	-
-	-	-	-	-
-	1,256	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,446	1,984	-	-
2,000	-	-	-	277,698
2,427	-	-	-	2,427
4,427	-	-	-	280,125
2,428	1,192	(449)	24,059	38,148
330	2,802	1,905	584,547	667,138
$ 2,758	$ 3,994	$ 1,456	$ 608,606	$ 705,286

Schedule J-3

University Funds
Schedule of Changes in Long-Term Bonded Indebtedness - Revenue Bonds

Last Three Fiscal Years

(Amounts in thousands)

	June 30,		
	1987	1988	1989
Bonded indebtedness - revenue bonds at beginning of fiscal year	$ 7,730	$ 7,476	$ 7,206
Less revenue bonds matured and redeemed during the fiscal year	254	270	524
Bonded indebtedness - revenue bonds at end of fiscal year	$ 7,476	$ 7,206	$ 6,682

Schedule J-4

University Funds
Schedule of Revenue Bonds Outstanding

Last Three Fiscal Years

(Amounts in thousands)

	Interest		June 30,		
Purpose	Rate	Maturity Date	1987	1988	1989
University of Hawaii	3.500	October 1, 1973/2001	$ 246	$ 233	$ 220
University of Hawaii	3.000	October 1, 1973/1999	135	122	108
University of Hawaii	2.875	April 1, 1974/2000	300	281	261
University of Hawaii	3.000	October 1, 1974/2006	2,145	2,065	1,985
University of Hawaii	9.400	October 1, 1984/1998	3,000	2,855	2,695
University of Hawaii	7.450	October 1, 1988/1991	1,650	1,650	1,413
Total bonded indebtedness - revenue bonds			$ 7,476	$ 7,206	$ 6,682

PART III: STATISTICAL SECTION

Schedule of Revenues by Source - All Governmental Fund Types

Last Ten Fiscal Years

(Amounts in millions)

	For the Fiscal Year Ended June 30,									
Source	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Taxes:										
General excise	$ 1,025	$ 920	$ 818	$ 747	$ 684	$ 640	$ 601	$ 577	$ 549	$ 499
Income	839	692	604	506	474	439	371	322	381	354
Public service companies	67	66	64	73	65	62	69	59	52	33
Liquid fuel	44	43	42	39	30	30	29	28	29	35
Insurance companies premiums	34	38	35	34	29	27	27	27	24	22
Tobacco	24	21	19	20	20	20	18	14	14	13
Liquor	39	38	130(1)	30	21	-	9	8	7	13
Motor vehicle	19	18	18	15	9	9	9	8	8	8
Inheritance and estate	7	7	5	6	12	7	6	5	5	4
Franchise	16	12	15	5	4	-	(2)	4	6	8
Transient accommodations	76	67	24(2)	-	-	-	-	-	-	-
Other	6	5	4	2	2	2	2	2	2	2
Total taxes	2,196	1,927	1,778	1,477	1,350	1,236	1,139	1,054	1,077	991
Interest and investment income	107	66	52	60	63	52	79	92	78	70
Charges for current services	134	113	105	98	94	90	73	78	110	175
Intergovernmental	402	364	325	315	287	311	335	317	390	375
Rentals	12	11	10	11	10	10	23	21	21	17
Fines, forfeitures and penalties	15	14	13	13	12	9	9	8	7	6
Licenses and fees	7	4	3	4	3	4	3	3	3	3
Contributions from agencies participating in debt service requirements	- (3)	40	40	40	41	40	40	38	36	35
Other	32	51	27	32	20	20	53	58	79	56
Total Revenues - All Governmental Fund Types	$ 2,905	$ 2,590	$ 2,353	$ 2,050	$ 1,880	$ 1,772	$ 1,754	$ 1,669	$ 1,801	$ 1,728

The following reclassifications were made in conformity with generally accepted accounting principles:

a. Effective with the fiscal year ended June 30, 1981, the Airports and Harbors systems were reclassified as Enterprise Funds.

b. Effective with the fiscal year ended June 30, 1982, the State Hospitals and University system were reclassified as Enterprise and University Funds, respectively.

c. Effective with the fiscal year ended June 30, 1984, Housing was reclassified as Enterprise Funds.

Prior to these reclassifications, the revenues of the Enterprise and University Funds were reported within the various revenue sources of the Governmental Fund Types. The prior fiscal years have not been restated to reflect these reclassifications.

(1) Includes $96 of protested liquor tax payments held in the Trust and Agency Funds which were recognized as revenues for the fiscal year ended June 30, 1987.

(2) Effective January 1, 1987, the transient accommodations tax levied was authorized by Act 340, SLH 1986.

(3) Effective July 1, 1988, the contributions from agencies participating in debt service were eliminated as the amounts are reflected as an operating transfer directly from the Special Revenue Funds to the Debt Service Fund.

STATE OF HAWAII

Schedule of Expenditures by Function - All Governmental Fund Types

Last Ten Fiscal Years

(Amounts in millions)

Function	For the Fiscal Year Ended June 30, 1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
General government	$ 262	$ 206	$ 186	$ 176	$ 133	$ 116	$ 119	$ 136	$ 109	$ 79
Public safety	128	121	137	120	88	78	75	65	60	53
Highways	127	136	118	119	102	136	139	110	115	119
Conservation of natural resources	36	37	24	29	29	26	37	26	28	34
Health	166	128	118	109	99	93	96	92	132	126
Welfare	410	393	341	322	321	326	328	317	298	253
Education	653	607	554	505	459	449	460	415	616	562
Culture and recreation	71	51	42	39	33	34	40	32	45	40
Urban redevelopment and housing	12	9	14	11	15	9	154	84	175	101
Economic development and assistance	103	87	69	57	35	32	38	36	36	39
Intergovernmental	42	33	31	18	18	18	18	18	18	18
Social security and pension contributions	71	105	108	142	175	151	145	115	94	78
Airports	-	-	-	-	-	-	-	-	-	68
Water transport and terminals	-	-	-	-	-	-	-	-	-	23
Debt service	248	255	252	234	387	211	260	189	180	175
Other	20	29	18	20	20	23	14	13	12	7
Total Expenditures - All Governmental Fund Types	$ 2,349	$ 2,197	$ 2,012	$ 1,901	$ 1,914	$ 1,702	$ 1,923	$ 1,648	$ 1,918	$ 1,775

The following reclassifications were made in conformity with generally accepted accounting principles:

a. Effective with the fiscal year ended June 30, 1981, the Airports and Harbors systems were reclassified as Enterprise Funds.
b. Effective with the fiscal year ended June 30, 1982, the State Hospitals and University system were reclassified as Enterprise and University Funds, respectively.
c. Effective with the fiscal year ended June 30, 1984, Housing was reclassified as Enterprise Funds.
d. Effective with the fiscal year ended June 30, 1986, health fund contributions are included in the expenditure function, general government, instead of being reflected in social security and pension contributions.

Prior to these reclassifications, the expenditures of the Enterprise and University Funds were reported within the various expenditure functions of the Governmental Fund Types. The prior fiscal years have not been restated to reflect these reclassifications.

Schedule of Ratio of Net General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

(Amounts in thousands except per capita data)

Fiscal Year	Population(1)	General Obligation Bonded Debt(2)(3)	Less Debt Service Monies Available(2)	Net General Obligation Bonded Debt	Net General Obligation Bonded Debt Per Capita
1989	1,116	$ 1,913,456	$ 255	$ 1,913,201	$ 1,714
1988	1,100	1,777,408	123	1,777,285	1,616
1987	1,078	1,746,657	172	1,746,485	1,620
1986	1,071	1,651,899	43	1,651,856	1,542
1985	1,056	1,608,397	30	1,608,367	1,523
1984	1,039	1,545,521	46	1,545,475	1,487
1983	1,023	1,486,880	4,276	1,482,604	1,449
1982	997	1,353,791	3,565	1,350,226	1,354
1981	981	1,215,824	2,880	1,212,944	1,236
1980	969	1,295,184	NA	NA	NA

(1) Source: Hawaii State Department of Business and Economic Development.

(2) Source: Hawaii State Department of Accounting and General Services, Accounting Division.

(3) Excludes Enterprise and University Funds General Obligation Bonds.

NA Not available for the fiscal year 1980.

Schedule K-4

Schedule of Ratio of Annual Debt Service for General Obligation Bonded Debt to Total General Expenditures

Last Ten Fiscal Years

(Amounts in thousands except ratio data)

Fiscal Year	Principal	Interest And Fees	Total Debt Service	Total General Expenditures	Ratio Of Debt Service To General Expenditures
1989	$ 133,741	$ 114,124	$ 247,865	$ 2,348,642	10.55%
1988	135,694	119,537	255,231	2,196,632	11.62
1987	128,434	123,162	251,596	2,011,822	12.51
1986	116,734	117,505	234,239	1,900,953	12.32
1985	105,664	111,128	216,792(1)	1,743,893(1)	12.43
1984	98,726	111,805	210,531	1,701,726	12.37
1983	141,868	118,082	259,950	1,922,847	13.52
1982	93,798	94,786	188,584	1,648,147	11.44
1981	87,906	91,930	179,836	1,917,946	9.38
1980	83,055	91,703	174,758	1,775,086	9.84

(1) Excludes $170,415 payment made to trustee for extinguished General Obligation Bonds Series AS dated November 1, 1981 and Series AT dated June 1, 1982.

STATE OF HAWAII

Schedule of Revenue Bond Coverage*

Last Ten Fiscal Years

(Amounts in thousands except coverage data)

Airports

Fiscal Year(1)	Gross Revenues(2)	Operating Expenses(3)	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage(4)
1989	$ 271,611	$ 79,724	$ 191,887	$ 17,385	$ 37,355	$ 54,740	351%
1988	165,833	60,433	105,400	18,050	35,259	53,309	198
1987	132,139	60,737	71,402	14,295	32,795	47,090	152
1986	124,112	55,473	68,639	13,420	31,249	44,669	154
1985	120,084	54,927	65,157	12,390	28,916	41,306	158
1984	107,435	52,194	55,241	10,195	23,652	33,847	163
1982	88,178	48,615	39,563	8,550	20,753	29,303	135
1981	75,991	40,940	35,051	8,005	14,776	22,781	154
1980	70,910	34,188	36,722	7,495	15,251	22,746	161

Harbors

Fiscal Year	Gross Revenues(5)	Operating Expenses(6)	Net Revenue Available for Debt Service	Debt Service Requirements During the Year	Add: 50% of Debt Service Requirements	Payments to Bond Reserve and Debt Service Reserve	Total	Coverage(4)
1989	$ 34,793	$ 13,495	$ 21,298	$ 7,701	$ 3,851	$ -	$ 11,552	184%
1988	30,058	13,349	16,709	7,944	3,972	-	11,916	140
1987	28,851	13,448	15,403	5,953	2,977	-	8,930	172
1986	25,367	12,544	12,823	5,926	2,963	-	8,889	144
1985	24,217	11,757	12,460	5,863	2,932	-	8,795	142
1984	24,435	10,762	13,673	5,901	2,951	-	8,852	154
1983	23,895	10,030	13,865	5,860	2,930	-	8,790	158
1982	23,007	8,195	14,812	5,119	2,560	-	7,679	193
1981	18,634	8,151	10,483	3,511	1,756	40	5,307	198
1980	18,283	7,136	11,147	3,241	1,621	-	4,862	229

(1) Information for the fiscal year ended June 30, 1983 not available.

(2) Total operating revenues plus interest income, exclusive of interest earned on investment in financing leases.

(3) Total operating expenses other than depreciation less (plus) excess of actual disbursements over (under) required reserve for major maintenance, renewal and replacement, plus amounts required to be paid into the General Fund for general obligation bond requirements.

(4) Airports revenue bond indentures require a minimum debt service coverage percentage of 135%.

(5) Total operating and nonoperating revenues exclusive of interest income on investment in financing leases and Special Facility Construction Fund and Revenue Fund investments.

(6) Total operating expenses other than depreciation less loss on disposal of harbor facilities and State of Hawaii surcharge for central service expenses.

Source:

Airports: Fiscal Years 1980-1982 - Audited Financial Statements and Schedules of the State of Hawaii, Department of Transportation, Airports Division and various Airports System Revenue Bonds Official Statements.

Fiscal Years 1984-1989 - Audited Financial Statements and Schedules of the State of Hawaii, Department of Transportation, Airports Division.

Harbors: Fiscal Years 1980-1989 - Audited Financial Statements and Schedules of the State of Hawaii, Department of Transportation, Harbors Division.

*Information for the revenue bonds issued by the Housing and University Funds is not available.

Certificate of Legal Debt Limit

June 30, 1989

Section 13, Article VII of the State Constitution, as amended by the Constitutional Convention of 1978, states that general obligation bonds may be issued by the State, provided that at the time the bonds are issued, the issuance will not cause the highest total amount of principal and interest payable in the current or any future fiscal year on the issuance and on all outstanding general obligation bonds to exceed eighteen and one-half percent of the average of the General Fund revenues of the State in the three fiscal years immediately preceding the issuance. The general obligation bonds subject to this limitation exclude reimbursable and certain other specified bonds.

The following is the State Director of Finance's Certification dated November 28, 1989, reflecting the calculations evidencing compliance with the constitutional debt limit for the bond issue dated November 28, 1989, for $80,005,160.

CERTIFICATE AS TO DEBT LIMIT

I, the undersigned, YUKIO TAKEMOTO, being the duly appointed and acting Director of Finance of the State of Hawaii, do hereby certify with respect to $80,005,159.73 General Obligation Bonds of 1989, Series BQ of the State of Hawaii (the "Series BQ Bonds"), as follows: (i) the net general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1987 were $1,759,104,963, the net general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1988 were $2,135,842,312 and the net general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1989 were $2,344,160,356 and therefore the average of general fund revenues of the State of Hawaii in the fiscal years ended June 30, 1987, 1988 and 1989 were $2,079,702,544; (ii) eighteen and one-half percent (18-1/2%) of such average is $384,744,971; (iii) the Exhibit on the reverse hereof truly and correctly sets forth (A) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on all general obligation bonds of the State of Hawaii outstanding as of November 1, 1989, (B) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2010 on the Series BQ Bonds, (C) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on general obligation bonds (other than the Series BQ Bonds) which may be excluded under Section 13, Article VII of the 1978 Constitution in determining the power of the State to issue general obligation bonds, and (D) the total amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on all outstanding general obligation bonds and the Series BQ Bonds; (iv) as indicated by the Exhibit on the reverse hereof, the greatest total amount of principal and interest payable in any fiscal year on all general obligation bonds of the State of Hawaii outstanding as of November 1, 1989 and on the Series BQ Bonds occurs in the fiscal year ending June 30, 1991 in the amount of $234,659,120; (v) such amount does not exceed eighteen and one-half percent (18-1/2%) of the average general fund revenues of the State in the fiscal years ended June 30, 1987, 1988 and 1989; (vi) as of the date hereof, the State of Hawaii has not incurred any general obligation indebtedness as guarantor of a contingent liability and has not issued any general obligation bonds since November 1, 1989 except for the Series BQ Bonds being delivered to the purchasers thereof on the date hereof.

Done and delivered at New York, New York, this 28th day of November, 1989.

YUKIO TAKEMOTO
Director of Finance
of the State of Hawaii

Exhibit

Fiscal Year Ended June 30	Total amount of principal and interest payable on all general obligation bonds outstanding as of November 1, 1989	Total amount of principal and interest payable on the Series BQ Bonds	Principal and interest excludable under Section 13, Article VII Hawaii Constitution	Total amount of principal and interest payable on all outstanding general obligation bonds and the Series BQ Bonds
1990	$ 169,967,556	$ 1,683,359	$ 171,650,915	$ -
1991	264,116,415	3,311,525	32,768,820	234,659,120
1992	260,894,860	3,311,525	31,859,908	232,346,477
1993	245,215,505	7,618,730	29,434,422	223,399,813
1994	233,978,279	7,340,918	26,771,026	214,548,171
1995	227,421,778	8,875,900	26,142,714	210,154,964
1996	205,288,155	7,056,438	23,418,061	188,926,532
1997	182,643,428	6,765,290	18,735,163	170,673,555
1998	167,720,869	6,435,249	17,395,074	156,761,044
1999	149,053,325	6,101,874	16,271,703	138,883,496
2000	139,196,718	10,186,855	14,639,953	134,743,620
2001	125,565,170	5,798,503	12,555,960	118,807,713
2002	120,678,068	5,490,686	12,014,317	114,154,437
2003	111,375,714	5,180,648	10,438,067	106,118,295
2004	98,971,780	4,868,386	9,267,935	94,572,231
2005	67,109,438	4,578,350	6,241,156	65,446,632
2006	61,091,854	13,580,000	5,726,943	68,944,911
2007	51,435,669	14,560,000	5,138,262	60,857,407
2008	41,896,076	15,750,000	4,129,979	53,516,097
2009	32,750,141	16,895,000	2,601,686	47,043,455
2010	4,744,969	18,125,000	1,849,453	21,020,516
2011	1,889,500	-	1,858,947	30,603
2012	947,600	-	932,253	15,347

STATE OF HAWAII

Schedule of Demographic Statistics

Last Ten Fiscal Years

(Population amounts expressed in thousands)

Fiscal Year	Population(1)	Per Capita Income(2)	School Enrollment(3)	Unemployment Rate(4)
1989	1,116	$ 18,087	203,358	3.00%(5)
1988	1,100	16,898	202,419	3.20
1987	1,078	15,683	201,188	3.80
1986	1,071	14,702	200,952	4.80
1985	1,056	13,891	200,869	5.60
1984	1,039	13,155	200,240	5.60
1983	1,023	12,640	200,129	6.50
1982	997	11,760	200,844	6.70
1981	981	11,274	202,972	5.40
1980	969	10,617	205,580	4.90

(1) Source: Hawaii State Department of Business and Economic Development.

(2) Source: U. S. Department of Commerce, Bureau of Economic Analysis, printouts dated April 1988.

(3) Source: Hawaii State Department of Education records. Data represents September enrollment for both public and private schools.

(4) Source: Hawaii State Department of Labor and Industrial Relations records.

(5) Estimated.

STATE OF HAWAII

Schedule K-8

Schedule of Bank Deposits

Last Ten Calendar Years

(Amounts in millions)

Calendar Year	Bank Deposits
1989	$ NA
1988	11,293
1987	9,972
1986	9,072
1985	8,057
1984	7,184
1983	6,584
1982	6,020
1981	5,433
1980	4,792

Source: Hawaii State Department of Commerce and Consumer Affairs, Division of Financial Institutions, Comparative Statements of Condition as of December 31. Data for the period 1985 - 1988 include State-chartered institutions only.

NA Not available for the calendar year 1989.

STATE OF HAWAII

Schedule K-9

Schedule of Miscellaneous Statistics

June 30, 1989

Date of statehood	1959
Form of government	Legislative-Executive-Judicial
Number of State employees*	51,850
Area in square miles	6,425
Miles of streets and highways*	4,092
Recreation and culture:	
Number of parks and historic sites*	76
Total acreage*	24,852
Number of libraries*	49
Public safety:	
Number of fire personnel*	1,478
Number of police personnel*	2,928
Sewage (millions of gallons)*	51,713
Water system:	
Number of services*	201,253
Consumption (millions of gallons)*	66,361
Education:	
Number of schools*	376
Number of teachers*	11,485
Hospitals:	
Number of hospitals	52
Number of beds	6,854

*Represents 1988 data.

Source: The State of Hawaii Data Book, 1989 (Draft), except for public safety personnel. Public safety personnel reflects data from the counties' comprehensive annual financial reports.